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PORT OF SAN FRANCISCO

NOTICE OF CANCELLATION

THE REGULAR PORT COMMISSION MEETING SCHEDULED FOR
TUESDAY, OCTOBER 14, 1997 AT 4:00 P.M.
IS HEREBY CANCELLED

♦ • ♦ • ♦ • ♦

A SPECIAL PORT COMMISSION MEETING
IS SCHEDULED FOR

TUESDAY, OCTOBER 14, 1997
at 12:30 p.m.

in the Port Commission Room
Suite 3100, Ferry Building
San Francisco, CA 94111
(415) 274-0406

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SAN FRANCISCO PORT COMMISSION

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SPECIAL MEETING - (PLEASE NOTE THE DATE & TIME OF THE MEETING)
TUESDAY, OCTOBER 14, 1997 AT 12:30 P.M.
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CALIFORNIA

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - September 23, 1997 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Adoption of Guidelines recommended by the Pier 45 Advisory Group regarding long-term uses for Pier 45 Sheds A and C and approval of a continued role for the Pier 45 Advisory Group. (Resolution No. 97-83)

   B. Authorization to rescind Port Commission Resolution 94-20, directing staff in 1994 to issue Request for Proposals for horse drawn carriage use permit at Fisherman's Wharf. (Resolution No. 97-82)

6. **FACILITIES & OPERATIONS**

   A. Authorization to award Contract No. 2644, "Pier 50 Sheds B and C Roof Repair." (Resolution No. 97-84)

   B. Authorization to award Contract No. 2635, "Pier 50 Shed D Interior Improvements." (Resolution No. 97-85)

   C. Ratification of the emergency declaration to repair a portion of the back wall of the Pier 1-1/2 bulkhead building. (Resolution No. 97-86)

7. PLANNING & DEVELOPMENT

A. Authorization to extend Professional Services Contract No. SA 3930043 with Polshek and Partners Architects for the Ferry Building Renovation Project until December 31, 1998 and authorize Contract Modification No. 3 for additional design engineering and financial consulting services in an amount not to exceed $157,000.00. (Resolution No. 97-88)

B. Approval of China Ballpark Project Design based upon review of Schematic Drawings and Preliminary Construction Documents. (Resolution No. 97-89)

C. Request authorization to amend the Port's agreement with Bay Planning Coalition for an amount not to exceed $80,000 to fund BCDC staff services necessary for BCDC amendments to implement the Waterfront Land Use Plan. (Resolution 97-90)

D. Amending Port Commission Resolution No. 97-16, related to the Downtown Ferry Terminal Project, adding provisions requested by the California Transportation Commission regarding the expenditure of $7.5 million in Proposition 116 Bond Funds. (Resolution No. 97-91)

E. Approval of BCDC Permit No. 10-97 for the China Basin Ballpark Project, provisions for on-site and off-site public access on Port property. (Resolution No. 97-92)

8. FINANCE AND ADMINISTRATION

A. Authorization to issue a Request for Proposals for a consultant for Financial Advisory Services. (Resolution No. 97-87)

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction, and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any questions regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. PUBLIC EMPLOYEE EVALUATION

1) Douglas F. Wong, Executive Director

An executive session to discuss this matter is specifically authorized under California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b).

B. CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

1) Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (3 cases).

C. CONFERENCE WITH REAL PROPERTY NEGOTIATOR: ***This session is closed to any non-City/Port representative.****

Property: Caltrans parcel located between King & Berry Streets and Second & Third Streets
Person Negotiating:
Port of San Francisco Representative: Douglas F. Wong, Executive Director
*Giants Representative: John Yee, Chief Financial Officer

An executive session has been calendared to discuss real property negotiations between the Port of San Francisco and the Giants regarding early closing of Caltrans site acquisition. This is specifically authorized under California Government Code Section 54956.8

D. Vote in open session on whether to disclose any or all Executive Session discussions. [S.F. Admin. Code Sec. 67.14(a)]

12. ADJOURNMENT

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DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142.

There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting.

The following services are available on request 72 hours prior to the meeting. Please contact Kevin Jensen at (415) 274-0555. Late requests will be honored if possible.

- American Sign Language Interpreters
- A Sound Enhancement System
- Large Print of the Agenda
- The use of a reader during the meeting
- Minutes of the Meeting in Alternative Formats

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

Special 10/14/97

PORT OF SAN FRANCISCO

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MEMORANDUM

October 8, 1997

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TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Adoption of guidelines recommended by the Pier 45 Advisory Group regarding long term uses for the Pier 45 Sheds A and C and approval of a continued role for Pier 45 Advisory Group.

DIRECTOR'S RECOMMENDATION: ADOPT GUIDELINES REGARDING LONG TERM USES FOR PIER 45 SHEDS A AND C, AND APPROVE CONTINUED ROLE FOR PIER 45 ADVISORY GROUP

BACKGROUND

Pier 45 Advisory Group

In January 1996, the Port formed the Pier 45 Advisory Group made up of representatives of various constituencies comprising the Fisherman's Wharf community. (A list of the current Pier 45 Advisory Group members is attached.) The mission of this Advisory Group was to provide input and guidance on the uses for Sheds A and C, located on the east side of Pier 45. Sheds B and D, located on the west side of Pier 45, are currently used exclusively by the fishing industry for fish processing and wholesaling, ice production, and gear storage. (A site plan of Pier 45 is also attached.)

THIS PRINT COVERS CALENDAR ITEM 5A

When the Advisory Group began meeting in January 1996, they identified the following topics to be resolved or that required further study before they could make a recommendation regarding the uses for Sheds A and C: (1) Pier 45 Valley traffic circulation; (2) alternate use scenarios; (3) Jefferson Street fish trading activity; and (4) Fisherman's Wharf traffic circulation. Information on each of these topics aided in exploring future uses on Pier 45 and understanding the physical site needs of the fishing industry on Pier 45. The following is a summary of the four topics and findings from the analysis.

1. **Pier 45 Valley Circulation Study.** The transportation consulting firm of Rajappan & Meyer was hired by the Port to analyze trucking needs and recommend plans for the Pier 45 Valley, and to determine how trucks could service fish processing space in Sheds A or C. Rajappan & Meyer conducted interviews with Pier 45 tenants and evaluated alternate use scenarios developed by the Advisory Group and other previously proposed use scenarios.

   Rajappan & Meyer found that the Pier 45 Valley currently operates reasonably well for most periods of the year in its current configuration, and that parking of tractor-trailers was not problematic. They also observed that traffic circulation on Pier 45 could be improved with the following:

   - Restrict the Valley to fishing industry traffic only;
   - Install directional signing within the City street system;
   - Install a tenant directory sign for Pier 45;
   - Implement a program to keep the west apron clear of vehicles for at least a 15 foot travel lane;
   - Regulate employee parking to reduce or control employee parking in the Valley;
   - Shed B and D tractor-trailer parking should remain perpendicular to the sheds;
   - Provide employee parking in Shed A or C; and
   - Provide new pedestrian emergency access stairwells within Shed A to avoid traffic and pedestrian conflicts within the Valley area.

   Based on these recommendations, Port staff has worked with the Pier 45 tenants to implement several of the above items. Actions taken include restricting the Valley for fishing industry use only, implementing a program to keep the west apron clear of vehicles, and providing employee parking in Shed C.

2. **Alternate Use Scenarios.** The Advisory Group, working with Port staff and the transportation consultant, developed four alternate use scenarios for Sheds A and C in order to evaluate the potential impacts. Each of the scenarios built upon the existing fishing industry uses presently located in Sheds B and D and took into consideration the physical limitations of the existing building configurations, utility system requirements, grade differentials, and other structural restrictions. A

conceptual layout, circulation study, and cost estimate was prepared for each use scenario. The four use scenarios for Sheds A and C are as follows:

a. Existing Configuration. This alternate would retain the current use of Sheds A and C for periodic events, as well as the newly created fishing industry employee parking in a portion of Shed C. This alternate provides 64,000 square feet of existing event space in Shed A, and 50 interim parking spaces and an event staging area in Shed C. Improvement costs to implement this alternate are estimated at $100,000.

b. Sheds A and C Maximum Fish Processing. This alternate would convert both Sheds A and C to as much fish processing as possible. In order to provide truck parking for Sheds B and C, it would be necessary to cut back the grade beam walls of these sheds facing the valley and to create recessed truck wells. Parking spaces for fishing industry employees would be provided in the front portion of Shed A. Improvement costs for this alternate are estimated at $4.3 million.

c. Mixed-Use -- Shed A Public Attraction Space and Shed C Fish Processing. This alternate would provide public attraction space and industry parking spaces in Shed A. Shed C would be used for fish processing and fishing industry storage. Improvement costs for this alternate are estimated at $2.5 million.

d. Sheds A and C Maximum Public Attraction Space. This alternate would provide public attraction space in both Sheds A and C. There would also be public and fishing industry parking in the front portion of Shed A. Improvement costs for this alternate are estimated at $1.0 million.

3. **Jefferson Street Fish Trading.** The Advisory Group determined that the fish trading activity that occurred on Jefferson Street was illegal and could be accommodated by existing wholesalers at Fisherman's Wharf. With the assistance of the San Francisco Department of Public Health, the Fire Department and the Police Department, the Port led a program that resulted in the curtailment of this illegal fish trading activity.

4. **Fisherman's Wharf Traffic Study.** The Fisherman's Wharf traffic study, also prepared by Rajappan & Meyer, focused on the area of Fisherman's Wharf surrounding Pier 45 and the different modes of circulation that interface there. This study presented the two following sets of recommendations that address: (a) assisting the existing uses on Pier 45, and (b) accommodating the Preferred Alternative identified in the Final EIR for Sheds A and C.

a. Assisting the Existing Uses on Pier 45

- Implement two-way traffic operation on Taylor and The Embarcadero;
- Implement area-wide truck signage;
- Increase tour bus enforcement and signage;
- Modify/relocate Triangle Lot driveways;
- Increase pedestrian queuing area at intersections; and
- Widen east end sidewalk and provide midblock crossing on The Embarcadero.

b. Accommodating the Final EIR Preferred Alternative for Sheds A and C

- Increase tour bus space, and monitoring and enforcement;
- Create public pedestrian plaza on west end of Triangle Lot;
- Modify Triangle Lot driveways;
- Construct a sidewalk on the north side of the Triangle; and
- Widen Jefferson Street sidewalks.

Several of the recommendations described above are now being implemented. The F-Line Project includes widening of the sidewalk along Jefferson Street and modification of Triangle Lot driveways. Two-way operation on Taylor and The Embarcadero will be implemented upon the completion of the F-Line project. Solutions for staging the tour buses are being explored.

Environmental Review

On December 12, 1996, the Planning Commission certified the Hyde Street Fishing Harbor/Pier 45 Sheds A and C Final Environmental Impact Report ("Final EIR"), and on December 20, 1996, the Port Commission by Resolution No. 96-136 adopted the Final EIR and the findings related to environmental review and project approval. The Final EIR included three alternatives for uses in Sheds A and C that were developed prior to the formation of the Advisory Group. The purpose of evaluating these three alternates prior to a final recommendation from the Advisory Group was to look at the impacts associated with the most intensive possible uses for Pier 45 and use this information in formulating a final use recommendation. Upon reviewing the Draft EIR in May 1996, the Advisory Group requested that the Mixed-Use Shed A Public Attraction Space and Shed C Fish Processing alternate use scenario, as described above, be added as the Preferred Alternative in the Final EIR.

Waterfront Plan

The Port's *Waterfront Land Use Plan* as adopted by the Port Commission on June 24, 1997 lists acceptable land uses for all Port property. All of the uses comprising the Preferred Alternative, as well as the other alternatives, that were studied in the Final EIR are acceptable under the Port's *Waterfront Land Use Plan*, and comply with the Development Standards for the Fisherman's Wharf Mixed Use Opportunity Area, which includes Pier 45 Sheds A and C.

RECOMMENDATION

Based upon its work over the past 21 months as outlined above, the Pier 45 Advisory Group on October 1, 1997 unanimously approved the following guidelines for long-term uses regarding Pier 45 Sheds A and C:

- *Shed C to be reserved for fishing industry uses including fish processing and wholesaling, truck access, storage, and employee parking;*
- *Shed A to be reserved primarily for public attraction uses that are compatible with the fishing industry and with the Fisherman's Wharf area, and include a significant maritime component;*
- *A portion of Shed A may be used for support space for the U.S.S. Pampanito;*
- *The Pier 45 east apron to be reserved for public access, ceremonial berthing and U.S.S. Pampanito access and support; and*
- *If required for Pier 45 fishing industry tenants, parking shall be provided in Sheds A and/or C.*

These long term use guidelines are consistent with the project proposed as the Preferred Alternative evaluated in the Final EIR, and with the Port's *Waterfront Land Use Plan*. Port staff recommends that the Port Commission adopt the above long term use guidelines to guide the use and development of Pier 45 Sheds A and C.

The development of these long-term land use recommendations for Pier 45 Sheds A and C concludes the original mission of the Pier 45 Advisory Group. However, Port staff and the Pier 45 Advisory Group believe that the continued involvement of the Advisory Group in reviewing and making recommendations on the following matters could aid the Port in the successful development of Pier 45 Sheds A and C:

- *Review implementation of the long-term use guidelines for Sheds A and C;*
- *Review implementation of all major interim uses on Pier 45;*
- *Review development of circulation improvements on Pier 45 and in the area immediately surrounding the Pier; and*
- *Review water quality protection measures.*

Port staff recommends that the Port Commission continue the role of the Pier 45 Advisory Group by reviewing and making recommendations on the above matters.

Prepared by Kirk Bennett, Sr. Property Manager, Northern Waterfront/Fisherman's Wharf

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PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-83

WHEREAS, The Port Commission established the Pier 45 Advisory Group ("Advisory Group") in January 1996 to provide input and guidance on long-term uses for Pier 45 Sheds A and C; and

WHEREAS, The Advisory Group held meetings over a 21 month period beginning in January 1996, to develop land use guidelines for Pier 45 Sheds A and C; and

WHEREAS, The Advisory Group evaluated the needs of the fishing industry, Pier 45 Valley traffic circulation, alternate use scenarios, Jefferson Street fish trading activity, Fisherman's Wharf traffic circulation, and the physical characteristics of Pier 45 facilities in order to arrive at use recommendations for Pier 45 Sheds A and C; and

WHEREAS, The Port of San Francisco prepared an Environmental Impact Report ("EIR") for the Hyde Street Harbor and Pier 45 Sheds A and C, which at the recommendation of the Advisory Group included an evaluation of a Mixed Use - - Shed A Public Attraction Space and Shed C Fish Processing use scenario as the Preferred Alternative, and the City Planning Commission certified this EIR on December 12, 1996; and

WHEREAS, the Advisory Group at its October 1, 1997 meeting unanimously passed motions recommending guidelines for long term uses regarding Pier 45 Sheds A and D, which were consistent with the Preferred Alternative in the EIR, and recommending a continued role for the Advisory Group; now, therefore be it

RESOLVED, That the Port Commission adopt the following guidelines for long term uses for Pier 45 Sheds A and C:

- Shed C to be reserved for fishing industry uses including fish processing and wholesaling, truck access, storage, and employee parking;
- Shed A to be reserved primarily for public attraction uses that are compatible with the fishing industry and with the Fisherman's Wharf area, and include a significant maritime component;
- A portion of Shed A may be used for support space for the U.S.S. Pampanito;

- The Pier 45 east apron to be reserved for public access, ceremonial berthing and U.S.S. Pampanito access and support; and
- If required for Pier 45 fishing industry tenants, parking shall be provided in Sheds A and/or; and, be it further

RESOLVED, That the Port Commission approves the continuation of the Pier 45 Advisory Group to provide review and recommendations to the Port in the following matters:

- Review implementation of the long-term use guidelines for Sheds A and C;
- Review implementation of all major interim uses on Pier 45;
- Review development of circulation improvements on Pier 45 and in the area immediately surrounding the Pier; and
- Review water quality protection measures.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 14, 1997.

_____

Secretary

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PIER 45 ADVISORY GROUP
List of Current Members

Commissioner Denise McCarthy
Port of San Francisco

Dohra Ahmad
Telegraph Hill Neighborhood Center

Alessandro Baccari
Fisherman's Wharf Association

Michael Berline, AIA
Berline & Associates

Philip DeAndrade
Congresswoman Pelosi's Office

Dale Hess
S. F. Convention & Visitors Bureau

Mike LaRocca
A. LaRocca Seafood

Chris Martin
The Cannery

Meg Reilly
Dolphin Club

Tom Creedon, Chairman
Scoma's Restaurant

Nunzio Alioto
Alioto's Restaurant #8

Phil Bentivegna
"Butchie B" Sport Fishing

John Caito
Caito Fisheries, Inc.

Al Herce
S.F. Dept. of Parking & Traffic

Kurt Jacobsen
H&N Fish Company

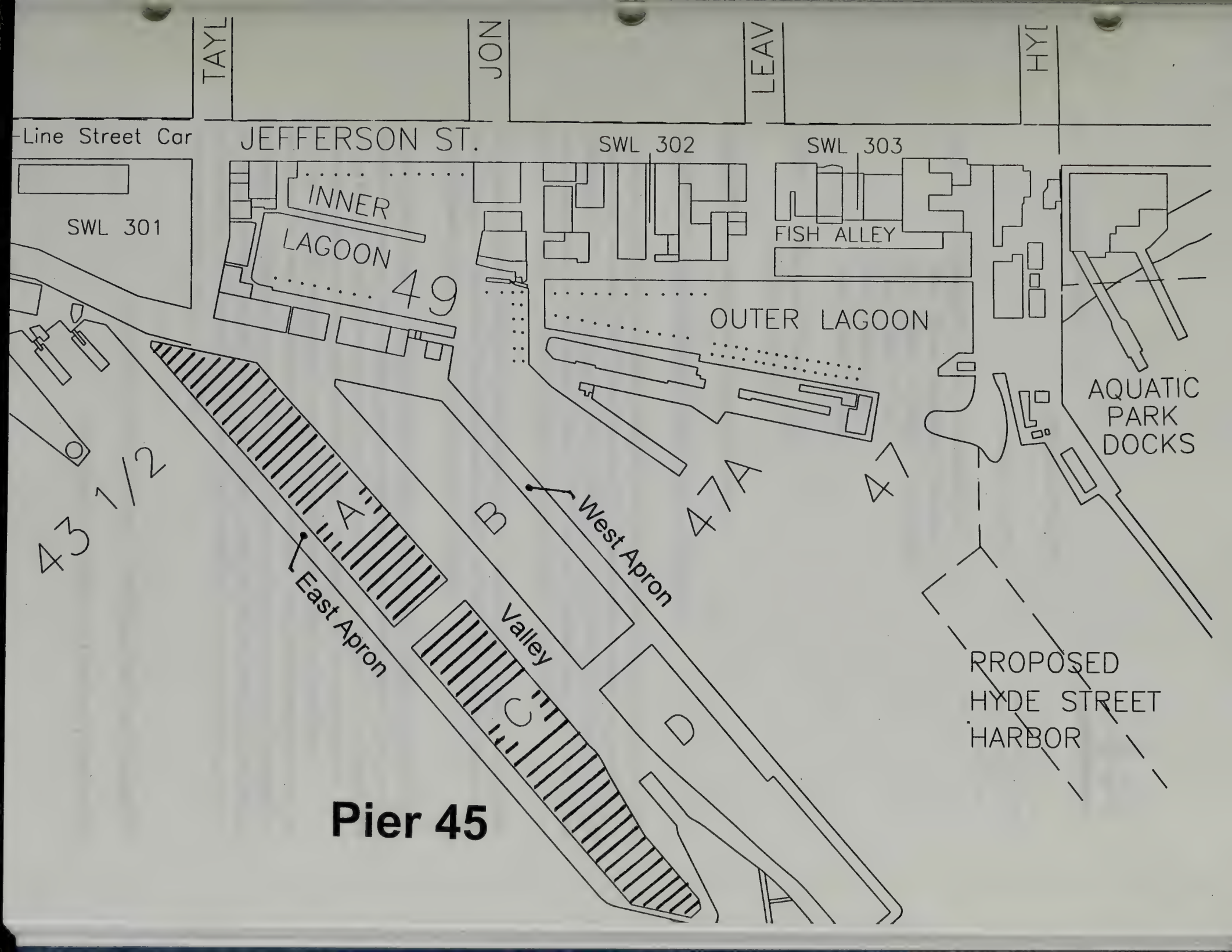
Kathy Lohan
National Maritime Museum Assoc.

Bob Miller
Crab Boat Owners Association

Kevin Westlye
Franciscan Restaurant

Port Staff

Kirk Bennett
Dan Hodapp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B
C
D
East Apron
West Apron
Valley
47A
47
PROPOSED
HYDE STREET
HARBOR
Pier 45

PORT OF SAN FRANCISCO

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MEMORANDUM

October 8, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Horse Drawn Carriage Use Permits

DIRECTOR'S RECOMMENDATION: Approve Resolution.

In February 1994, the Commission adopted Resolution No. 94-20 directing staff is to issue a request for proposals ("RFP") for the award of a horse drawn carriage use permit at Fisherman's Wharf. Following the second submission of proposals in response to an RFP issued pursuant to that resolution, in March 1995 the Port awarded a month to month use permit (the "Permit") to Waterfront Horse Carriage Service ("Waterfront").

At the time of award Waterfront was operated by Mr. Sears and Mr. Cohen. Mr. Cohen subsequently withdrew from Waterfront and in July 1995 the Port Commission approved the assignment of the Permit to Mr. Sears and Mr. Perkins.

In 1996, Mr. Jenkel, a disappointed offeror under the 1994 RFP, filed a petition in San Francisco Superior Court, seeking, among other things, an order from the Court stating that in July 1995 the Port was required to issue a new RFP for award of a use permit rather than approve the assignment of the Permit. Although that issue has not been resolved, the Judge assigned to the matter has preliminarily stated his belief that Resolution No. 94-20 required a new RFP to be issued so long as the Resolution was "on the books." To preclude any confusion in the future concerning the intent of Resolution No. 94-20, Port Staff requests the Commission approve the attached resolution rescinding Resolution No. 94-20 and explicitly stating that Resolution No. 94-20 is not to have any effect upon future action by Port Staff.

Prepared by: Fei Tsen, Director, Real Estate and Asset Management

THIS PRINT COVERS CALENDAR ITEM NO. **5B**

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-82

WHEREAS, In February 1994, the Commission adopted Resolution No. 94-20 directing staff is to issue a request for proposals ("RFP") for the award of a horse drawn carriage use permit at Fisherman's Wharf; and

WHEREAS, In March 1995 the Port awarded a month to month use permit (the "Permit") to Waterfront Horse Carriage Service ("Waterfront"); and

WHEREAS, At the time of award Waterfront was operated by Mr. Sears and Mr. Cohen. Mr. Cohen subsequently withdrew from Waterfront and in July 1995 the Port Commission approved the assignment of the Permit to Mr. Sears and Mr. Perkins; and

WHEREAS, In 1996, Mr. Jenkel, a disappointed offeror under the 1994 RFP, filed a petition in San Francisco Superior Court, seeking an order from the Court stating that at the time of the assignment in July 1995 the Port was required to issue a new RFP for award of a use permit; and, therefore, be it

RESOLVED, That Resolution No. 94-20 is hereby rescinded; and be it further

RESOLVED, That Resolution No. 94-20 is not to have any effect upon future action by Port Staff.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 14, 1997.

_____
Secretary

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CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO PORT COMMISSION

RESOLUTION NO. 94-20

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Article 3 of the Harbor Traffic Code empowers the Port Commission to regulate use of curb space for operating businesses; and

WHEREAS, permitting the use of curb space at Fisherman's Wharf for originating land excursion tours has the potential to generate significant revenue to the Port.

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to offer through a RFP process permits to operate land excursion business using curb space at Fisherman's Wharf in accordance with the terms set forth in the attached Agenda Summary Sheet as agenda item 5B.

I HEREBY CERTIFY that the foregoing resolution was approved by the San Francisco Port Commission at its meeting of February 8, 1994.

Secretary

PORT OF SAN FRANCISCO

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Writer

MEMORANDUM
October 8, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Contract No. 2644, "Pier 50 Sheds B and C Roof Repair Project," authorization to award

DIRECTOR'S RECOMMENDATION: APPROVE THE AWARD OF CONSTRUCTION CONTRACT NO. 2644 TO PIONEER ROOFING ORGANIZATION IN ACCORDANCE WITH THE ATTACHED RESOLUTION

The Commission previously authorized the advertisement of several construction contracts to provide improvements to Pier 50. This included Contract No. 2644 which provides for the removal of the existing roofs at Pier 50, Sheds B & C and the installation of new modified bituminous roofing of these sheds. The contract also includes new fiberglass panels to be placed directly in front of the monitor windows at Shed C, removal and replacement of sheet metal flashing, roof drains and downspouts between the roof drain and the decks of Sheds B & C. It further includes hazardous materials abatement, including lead paint dust within the two sheds and asbestos and lead removal from the existing roofs of the two sheds.

Four bids were received on September 22, 1997. A copy of the Bid Results is attached. The low bid submitted was $1,217191.14 by Pioneer Roofing Organization of San Francisco. Pioneer Roofing Organization is an MBE firm and its MBE and WBE subcontracting participation are 20% and 8% respectively.

Staff recommends the Commission approve the award of this contract to Pioneer Roofing Organization and authorize a 10% contingency for possible Type 1 contract modifications.

Prepared by: Cliff Jarrard, Chief Harbor Engineer

THIS PRINT COVERS CALENDAR ITEM NO. **6A**

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **97-84**

WHEREAS, the Commission previously approved the advertisement of several construction contracts to provide improvements to Pier 50; and

WHEREAS, this included Contract No. 2644 which provides roofing improvements to Sheds B and C; and

WHEREAS, four bids were received on September 22, 1997; and

WHEREAS, the low bid of $1,217,191.14 was submitted by Pioneer Roofing Organization which is an MBE firm; and

WHEREAS, its MBE and WBE subcontracting participation are 20% and 8% respectively; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes the award of Contract No. 2644 to Pioneer Roofing Organization at a cost of $1,217,191.14, authorizes a 10% contingency for possible Type 1 contract modifications; and authorizes the Executive Director to accept the work upon final completion of the work.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 14, 1997.

_____
Secretary

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BID SUMMARY
PORT OF SAN FRANCISCO

Project: Pier 50 Sheds "B" and "C" Roof Repair
Contract No.: 2644 **Project Engineer:** Carleen Ho **Bids Opened:** 22-Sep-97

Prepared By: Carleen Ho
Checked By: Rob Lim
Date: 9/25/97

Bid Item #	Description	Estimated Quantity	Pioneer Roofing Organization 1485 Armstrong Ave San Francisco, CA 94124 Phone # (415) 671-1070		West Bay Builders/D. Stewart Thompson 615 Lindaro Str San Rafael, CA 94901 Phone # (415) 456-8972		Western Roofing Service 2594 Oakdale Ave San Francisco, CA 94124 Phone # (415) 648-6472		Trico Construction 445C Hampshire Str San Francisco, CA 94110 Phone # (415) 552-8439	
			Unit /LS Price	Total	Unit /LS Price	Total	Unit /LS Price	Total	Unit /LS Price	Total
1	Remove Existing Built-Up Roofing (BUR)	Lump Sum	133,000	133,000	145,692	145,692	105,000	105,000	125,000	125,000
2	Hazardous Material Abatement for BUR removal	Lump Sum	137,500	137,500	150,000	150,000	55,000	55,000	150,000	150,000
3	Remove Existing Reglet along entire parapet wall perimeter (Shed B only)	Lump Sum	11,000	11,000	20,520	20,520	4,000	4,000	4,000	4,000
4	Remove Existing 4" Gas Line (Shed B only)	Lump Sum	7,600	7,600	8,400	8,400	1,000	1,000	4,000	4,000
5	Remove Existing Roof Drains and Sheet Metal Fitting Connections to the Downspouts	Lump Sum	5,500	5,500	8,472	8,472	8,000	8,000	20,000	20,000
6	Remove Existing Sheet Metal Flashing	Lump Sum	1,800	1,800	1,800	1,800	1,500	1,500	10,000	10,000
7	Remove Existing Light Pole Fixtures Mounted on the top of the roof (Shed C only)	Lump Sum	1,800	1,800	1,800	1,800	1,000	1,000	3,000	3,000
8	Remove and Reinstall Existing Light Fixtures during Reroofing (Shed C only)	Lump Sum	3,600	3,600	1,800	1,800	1,000	1,000	5,000	5,000
9	Furnish and Install New Built-Up Roof (BUR)	Lump Sum	425,000	425,000	498,668	498,668	794,322	794,322	611,000	611,000
10	Furnish and Install New Cant Blocks	Lump Sum	4,300	4,300	3,000	3,000	2,500	2,500	4,000	4,000
11	Furnish and Install New Rigid Insulation Board to form Crickets	Lump Sum	20,520	20,520	24,960	24,960	15,000	15,000	40,000	40,000
12	Furnish and Install New Setting Blocks Beneath Ladders on the Roof	Lump Sum	2,500	2,500	3,000	3,000	250	250	5,000	5,000
13	Furnish and Install New Roof Drain	Lump Sum	24,410	24,410	27,576	27,576	53,000	53,000	50,000	50,000
14	Furnish and Install New Elbows and Fittings for Roof Drain Connection to Downspouts	Lump Sum	15,850	15,850	26,856	26,856	2,000	20,000	20,000	20,000
15	Furnish and Install Sump Receiver	Lump Sum	4,180	4,180	9,360	9,360	1,500	1,500	10,000	10,000
16	Furnish and Install New Pipe between Elbows and Downspout	Lump Sum	4,180	4,180	11,452	11,452	28,000	28,000	13,000	13,000
17	Furnish and Install New Corrugated Fiberglass Panels	Lump Sum	44,000	44,000	19,200	19,200	10,000	10,000	30,000	30,000
18	Furnish and Install New Corrugated steel Panels (Shed C	Lump Sum	3,100	3,100	24,000	24,000	15,000	15,000	7,000	7,000
1	Remove Existing 1" Metal Strap per LF	24,624	0.01	246.24	1.50	36,936.00	0.50	12,312.00	3.00	73,872.00

BID SUMMARY
PORT OF SAN FRANCISCO

Project: Pier 50 Sheds "B" and "C" Roof Repair
Contract No.: 2644 **Project Engineer:** Carleen Ho **Bids Opened:** 22-Sep-97

Prepared By: Carleen Ho
Checked By: Rob Lim
Date: 9/25/97

Bid Item #	Description	Estimated Quantity	Pioneer Roofing Organization 1485 Armstrong Ave San Francisco, CA 94124 Phone # (415) 671-1070 Unit /LS Price	Pioneer Roofing Organization Total	West Bay Builders/D. Stewart Thompson 615 Lindaro Str San Rafael, CA 94901 Phone # (415) 456-8972 Unit /LS Price	West Bay Builders/D. Stewart Thompson Total	Western Roofing Service 2594 Oakdale Ave San Francisco, CA 94124 Phone # (415) 648-6472 Unit /LS Price	Western Roofing Service Total	Trico Construction 445C Hampshire Str San Francisco, CA 94110 Phone # (415) 552-8439 Unit /LS Price	Trico Construction Total
2	Remove damaged Existing Wood Decking per SF	8,006	0.75	6,004.50	2.40	19,214.40	1.00	8,006.00	3.50	28,021.00
3	Furnish, Install, and Paint New Sheet Metal Flashing per SF	4,241	6.10	25,870.10	6.00	25,446.00	6.00	25,446.00	10.00	42,410.00
4	Furnish, Install, and Paint New Coping Cap per SF	5,017	10.70	53,681.90	8.40	42,142.80	8.00	40,136.00	12.00	60,204.00
5	Replace (N) Reglet (Shed B only) per LF	31	10.00	310.00	6.00	186.00	10.00	310.00	20.00	620.00
6	Furnish and Install New Wood Decking per SF	8,006	6.40	51,238.40	4.20	33,625.20	3.00	24,018.00	3.50	28,021.00
	BASE BID			987,191.14		1,144,106.40		1,226,300.00		1,344,148.00
A-1	Remove existing Downspouts, Furnish and Install New Downspouts	Lump Sum	40,500	40,500	9,000	9,000	76,340	76,340	45,000	45,000
A-2	Hazardous Material Abatement Work within the Shed (Shed B only)	Lump Sum	105,900	105,900	132,608	132,608	25,080	25,080	110,000	110,000
A-3	Hazardous Material Abatement Work within the Shed (Shed C only)	Lump Sum	83,600	83,600	117,120	117,120	25,080	25,080	85,000	85,000
	SUBTOTAL INCLUDING A-1, A-2, AND A-3			230,000.00		258,728.00		126,500.00		240,000.00
	GRAND TOTAL			1,217,191.14		1,402,834.40		1,352,800.00		1,584,148.00

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Distribution: C. Jarrard, R. Lim, E. Byrne, Contract File, Bid Summary Binder

BID SUMMARY
PORT OF SAN FRANCISCO

Project: Pier 50 Sheds "B" and "C" Roof Repair
Contract No.: 2644 **Project Engineer:** Carleen Ho **Bids Opened:** 22-Sep-97

Prepared By: Carleen Ho
Checked By: Rob Lim
Date: 9/25/97

		Pioneer Roofing Organization 1485 Armstrong Ave San Francisco, CA 94124 Phone # (415) 671-1070		West Bay Builders/D. Stewart Thompson 615 Lindaro Str San Rafael, CA 94901 Phone # (415) 456-8972		Western Roofing Service 2594 Oakdale Ave San Francisco, CA 94124 Phone # (415) 648-6472		Trico Construction 445C Hampshire Str San Francisco, CA 94110 Phone # (415) 552-8439	
Required Forms	Document #	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)
Bid	00300	Y		Y		Y		Y	
Addenda Acknowledgement		Y		Y		Y		Y	
Schedule of Bid Prices	00302	Y		Y		Y		Y	
Schedule of Unit Prices	00304	Y		Y		Y		Y	
Bid Bond	00411	Y		Y		Y		Y	
Experience & Financial Qualifications	00420	Y		Y		Y		Y	
List of Subcontractors	00430	Y		Y		Y		Y	
Non-Collusion Certification	00481	Y		Y		Y		Y	
HRC Form 1		Y		Y		Y			
HRC Schedule A (as applic, by 5pm)									
HRC Schedule L (as applic, by 5pm)									
HRC Form 2A		Y		Y		Y		Y	
HRC Form 2B			N	Y		Y		Y	
HRC Form 3		Y		Y		Y		Y	
HRC Form 12B-101		Y		Y		Y		Y	
HRC Form 12B-102		Y		Y		Y		Y	
HRC Form 12B-103		Y		Y		Y		Y	
Apprenticeship Program	00490	Y		Y		Y		Y	
Business Tax Reg Declaration	00491	Y		Y		Y		Y	
Highest General Prevailing Wage	00492	Y		Y		Y		Y	
Equal Opp Empl & Bus Practices: LD	00493	Y		Y		Y		Y	
MacBride Principles	00494	Y		Y		Y		Y	
Deemed Responsive by Engin & HRC (Y/N) ?		Y		Y		N, Note 1		N, Note 2	

Total Bid →		1,217,191.14	1,402,834.40	1,352,800.00	1,584,148.00
PREFERENCES:					
MBE	10%	(121,719.11)			
WBE	10%	($)			(158414.80)
LBE	5%	($)			
JV	5%	($)			
JV	7.5%	($)			
JV	10%	($)	(140,283.44)		
Adjusted Bid →		1,095,472.03	1,262,550.96	1,352,800.00	1,425,733.20

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Note 1: MBE goal was not met.
Note 2: M/WBE goals were not met.

PORT OF SAN FRANCISCO

MEMORANDUM
October 8, 1997

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Contract No. 2635, "Pier 50 Shed D Interior Improvements," authorization to award

DIRECTOR'S RECOMMENDATION: APPROVE THE AWARD OF CONSTRUCTION CONTRACT NO. 2635 TO HOK CONSTRUCTION, INC. IN ACCORDANCE WITH THE ATTACHED RESOLUTION

The Commission previously authorized the advertisement of several construction contracts to provide improvements to Pier 50. This approval included Contract No. 2635 which consists of interior improvements to Pier 50, Shed D, including partial demolition of the existing interior spaces and construction of new offices, shops, and a warehouse, resurfacing of floors, and acoustical ceilings in office areas. The contract also includes mechanical, plumbing and electrical systems.

Seven bids were received on September 19, 1997. Four on the seven bids were submitted by MBE, WBE, or Joint Venture prime contractors. A copy of the Bid Results is attached. The apparent low bid submitted was $1,318,000. However, this bid was deemed non-responsive because the bidder did not satisfy the WBE subcontracting goal. The MBE and WBE subcontracting goals were 21% and 6% respectively. The lowest responsive bid meeting the goals is $1,348,000 submitted by Hok Construction, Inc., of San Francisco. Hok Construction is an MBE firm and its MBE and WBE subcontracting participation is 35% and 10% respectively.

Staff recommends the Commission approve the award of this contract to Hok Construction and authorize a 10% contingency for possible Type 1 contract modifications.

Prepared by: Cliff Jarrard, Chief Harbor Engineer

THIS PRINT COVERS CALENDAR ITEM NO. **6B**

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **97-85**

WHEREAS, the Commission previously approved the advertisement of several construction contracts to provide improvements to Pier 50; and

WHEREAS, this approval included Contract No. 2635 which consists of interior improvements to Pier 50, Shed D, including partial demolition of the existing interior spaces and construction of new offices, shops, and a warehouse, resurfacing of floors, and acoustical ceilings in office areas. The contract also includes mechanical, plumbing and electrical systems; and

WHEREAS, seven bids were received on September 19, 1997 including an apparent low bid of $1,318,000; and

WHEREAS, the apparent low bidder was deemed non-responsive because the bidder did not satisfy the WBE subcontracting goal; and

WHEREAS, the MBE and WBE subcontracting goals are 21% and 6% respectively; and

WHEREAS, the lowest responsive bid is $1,348,000 submitted by Hok Construction which is an MBE firm with MBE and WBE subcontracting participation of 35% and 10% respectively ; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes the award of Contract No. 2635 to Hok Construction, Inc. at a cost of $1,348,000, authorizes a 10% contingency for possible Type 1 contract modifications; and authorizes the Executive Director to accept the work upon final completion of the work.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 14, 1997.

_____
Secretary

BID SUMMARY
PORT OF SAN FRANCISCO

Prepared By: Victor Yew
Checked By: Rob Lim
Date: September 23, 1997

Project: Pier 50 Shed D Interior Improvements
Contract No.: 2635 **Project Manger: Ed Byrne** **Bids Opened: Friday, September 19, 1997, 2 P.M.**

Bid Item #	Description	Estimated Quantity	Trico Construction 445C Hampshire Street San Francisco, CA 94110 (415) 552-8439		Hok Construction 401 China Basin St. #132 San Francisco, CA 94107 (415) 896-5168		Lawrence Construction Co./West Bay Builders Inc., J V 355 Fremont St. San Francisco, CA 94105 (415) 908-3824		Adolph Schmidt General Contractors, Inc. 1350 Natoma Street San Francisco, CA 94103 (415) 621-5339		Alpha Bay Builder's, Inc. 1962 47th Avenue San Francisco, CA 94116 (415) 731-2585	
			Unit /LS Price	Total	Unit /LS Price	Total	Unit /LS Price	Total	Unit /LS Price	Total	Unit /LS Price	Total
1	NOT APPLICABLE	-		-		-		-		-		-
2	Supply and installation of architectural and structural systems and accessories, and all additional items of work noted in the contract documents but not specifically noted in Bid Items 1, 3 and 4.	LUMP SUM		$ 318,000.00		$ 700,000.00		$ 270,000.00		$ 494,138.00		$ 370,000.00
3	Supply and installation of mechanical and plumbing systems.	LUMP SUM		$ 900,000.00		$ 680,000.00		$ 1,033,000.00		$ 838,900.00		$ 1,000,000.00
4	Supply and installation of electrical systems and lighting.	LUMP SUM		$ 100,000.00		$ 75,482.00		$ 92,000.00		$ 75,482.00		$ 100,000.00
	Totals			$1,318,000.00		$1,348,000.00		$ 1,395,000.00		$1,408,520.000		$1,470,000.00
						see note 1						see note 2

Note 1: Listed total is not consistent with the sum of the individual items. Contractor has confirmed that the listed total is the bid price.
Note 2: Contractor Bid Item No. 2 amount indicated on Document 00302 of $37,000 was incorrect This figure was corrected to $370,000.

Distribution: C. Jarrard, E. Byrne, R. Lim, Bid Summary Binder, Contract File No 2635
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BID SUMMARY
PORT OF SAN FRANCISCO

Prepared By: Victor Yew
Checked By: Rob Lim
Date: September 23, 1997

Project: Pier 50 Shed D Interior Improvements
Contract No.: 2635 **Project Manager: Ed Byrne** **Bids Opened: Friday, September 19, 1997, 2 P.M.**

			Angotti & Reilly Inc. 325 Fremont Street San Francisco, CA 94105 (415) 777-2222		AA Construction Co. 842 Folsom Street San Francisco, CA 94107 (415)512-8780							
Bid Item #	**Description**	**Estimated Quantity**	**Unit /LS Price**	**Total**	**Unit /LS Price**	**Total**						
1	NOT APPLICABLE	-		-		-						
2	Supply and installation of architectural and structural systems and accessories, and all additional items of work noted in the contract documents but not specifically noted in Bid Items 1, 3 and 4.	LUMP SUM		$ 406,000.00		$ 397,800.00						
3	Supply and installation of mechanical and plumbing systems.	LUMP SUM		$1,020,000.00		$1,221,000.00						
4	Supply and installation of electrical systems and lighting.	LUMP SUM		$ 80,000.00		$ 99,450.00						
	Totals			$1,506,000.00		$1,718,250.00						

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BID SUMMARY
PORT OF SAN FRANCISCO

Prepared By: Victor Yew
Checked By: Rob Lim
Date: September 23, 1997

Project: Pier 50 Shed D Interior Improvements
Contract No.: 2635 **Project Manager: Ed Byrne** **Bids Opened: Friday, September 19, 1997, 2 P.M.**

		Trico Construction 445C Hampshire Street San Francisco, CA 94110 (415) 552-8439		Hok Construction 401 China Basin St., #132 San Francisco, CA 94107 (415) 896-5168		Lawrence Construction Co./We Bay Builders Inc., J.V 355 Fremont St. San Francisco, CA 94105 (415) 908-3824		Adolph Schmidt General Contractors, Inc. 1350 Natoma Street San Francisco, CA 94103 (415) 621-5339		Alpha Bay Builder's, Inc. 1962 47th Avenue San Francisco, CA 94116 (415) 731-2585	
Required Forms	Document #	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)
Bid	00300	Y		Y		Y		Y		Y	
Addenda Acknowledgement		Y		Y		Y		Y		Y	
Schedule of Bid Prices	00302	Y		Y		Y		Y		Y	
Schedule of Unit Prices	00304	N/A		N/A		N/A		N/A		N/A	
Bid Bond	00411	Y		Y		Y		Y		Y	
Experience & Financial Qualifications	00420	Y		Y		Y		Y		Y	
List of Subcontractors	00430	Y		Y		Y		Y		Y	
Non-Collusion Certification	00481	Y		Y		Y		Y		Y	
HRC Form 1		Y		Y		Y		Y		Y	
HRC Schedule A (as applic, by 5pm)											
HRC Schedule L (as applic, by 5pm)											
HRC Form 2A		Y		Y		Y		Y		Y	
HRC Form 2B		Y		Y		Y		Y		Y	
HRC Form 3		Y		Y		Y			N	Y	
HRC Form 12B-101		Y		Y		Y		Y		Y	
HRC Form 12B-102		Y		Y		Y		Y		Y	
HRC Form 12B-103		Y		Y		Y		Y		Y	
Apprenticeship Program	00490	Y		Y		Y		Y		Y	
Business Tax Reg Declaration	00491	Y		Y		Y		Y		Y	
Highest General Prevailing Wage	00492	Y		Y		Y		Y		Y *	
Equal Opp Empl & Bus Practices: LD	00493	Y		Y		Y		Y		Y	
MacBride Principles	00494	Y		Y		Y		Y		Y	
Deemed Responsive by Engin & HRC (Y/N) ?			N	Y		Y			N	Y	
			Note 1						Note 1		
Total Bid		$ 1,318,000.00		$ 1,348,000.00		$ 1,395,000.00		$ 1,408,520.00		$ 1,470,000.00	
PREFERENCES											
MBE	10%	($)		$ (134,800.00)		$ (139,500.00)				$ (147,000.00)	
WBE	10%	$ (131,800.00)									
LBE	5%	($)						$ (70,426.00)			
JV	5%	($)									
JV	7.5%	($)									
JV	10%	($)									
Adjusted Bid		$ 1,186,200.00		$ 1,213,200.00		$ 1,255,500.00		$ 1,338,094.00		$ 1,323,000.00	

Note1: WBE goal was not met.
Note 2: MBE goal was not met

BID SUMMARY
PORT OF SAN FRANCISCO

Prepared By: Victor Yew
Checked By: Rob Lim
Date: September 23, 1997

Project: Pier 50 Shed D Interior Improvements
Contract No.: 2635 **Project Manager: Ed Byrne** **Bids Opened: Friday, September 19, 1997, 2 P.M.**

		Angotti & Reilly Inc. 325 Fremont Street San Francisco, CA 94105 (415) 777-2222		AA Construction Co. 842 Folsom Street San Francisco, CA 94107 (415)512-8780							
Required Forms	Document #	Yes (Y)	No (N)	Yes (Y)	No (N)						
Bid	00300	Y		Y							
Addenda Acknowledgement		Y		Y							
Schedule of Bid Prices	00302	Y		Y							
Schedule of Unit Prices	00304	N/A		N/A							
Bid Bond	00411	Y		Y							
Experience & Financial Qualifications	00420	Y		Y							
List of Subcontractors	00430	Y		Y							
Non-Collusion Certification	00481	Y		Y							
HRC Form 1		Y		Y							
HRC Schedule A (as applic, by 5pm)											
HRC Schedule L (as applic, by 5pm)											
HRC Form 2A		Y		Y							
HRC Form 2B		Y			N						
HRC Form 3			N	Y							
HRC Form 12B-101		Y		Y							
HRC Form 12B-102		Y		Y							
HRC Form 12B-103		Y		Y							
Apprenticeship Program	00490	Y			N						
Business Tax Reg Declaration	00491	Y			N						
Highest General Prevailing Wage	00492	Y			N						
Equal Opp Empl & Bus Practices: LD	00493	Y			N						
MacBride Principles	00494	Y			N						
Deemed Responsive by Engin & HRC (Y/N) ?			N		N						
			Note 1		Note 2						
Total Bid →		$ 1,506,000.00		$ 1,718,250.00							
PREFERENCES (as applicable):											
MBE	10%										
WBE	10%	($)									
LBE	5%	$ (75,300.00)		$ (85,912.50)							
JV	5%	($)									
JV	7.5%	($)									
JV	10%	($)									
Adjusted Bid →		$ 1,430,700.00		$ 1,632,337.50							

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

October 8, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Pier 1-1/2 bulkhead building, approving a Declaration of Emergency to retain outside architectural and engineering assistance to design the repairs for a collapsed wall and a contractor to perform the subsequent repair

DIRECTOR'S RECOMMENDATION: APPROVE THE DECLARATION OF AN EMERGENCY TO ALLOW RETENTION OF OUTSIDE ASSISTANCE TO REPAIR THE COLLAPSED WALL AT THE PIER 1-1/2 BULKHEAD BUILDING

A portion of the back wall of the Pier 1-1/2 bulkhead building wall has collapsed creating a hazard to the public. Port Maintenance staff has removed the debris and barricaded the area to prevent tenant access into the unsafe area. A permanent repair is required to eliminate the danger of the collapsed wall and to restore the area for tenant use. Architectural and engineering ("A & E") services are required to provide a repair design and a contractor is required to perform the repair. The Port does not have the in-house architectural and engineering or maintenance staff resources necessary for the required work.

Funds for the emergency A & E services and construction contracts, estimated to cost a total of $240,000.00, are available in the Port's Operating Fund.

It is requested that an additional 10% in contingencies must be available for the construction contract for possible Type 1 contract modifications.

Prepared by: Cliff Jarrard, Chief Harbor Engineer

THIS PRINT COVERS CALENDAR ITEM NO. 6C

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **97-86**

WHEREAS, a portion of the back wall of the Pier 1-1/2 bulkhead building has collapsed creating a hazard to the public; and

WHEREAS, Port maintenance staff has removed the debris and barricaded the area to prevent tenant access into the unsafe area; and

WHEREAS, a permanent repair is required to eliminate the danger of the collapsed wall and to restore the area for tenant use; and

WHEREAS, architectural and engineering ("A & E") services are required to provide a repair design and a contractor is required to perform the repair; and

WHEREAS, the Port has neither in-house architectural and engineering resources available to perform the design nor the maintenance staff for the required construction work; and

WHEREAS, funds for these emergency A & E services and emergency construction contract, estimated to cost a total of $240,000.00, are available in the Port's Operating Fund; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby ratifies the action of the Vice President of the Commission contained in the letter to the Controller dated September 29, 1997; and be it further

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to obtain A & E services on an emergency basis; authorizes staff to issue a construction contract for repair of the wall; authorizes 10% in contingency funds for the construction contract for possible Type 1 contract modifications; and authorizes the Executive Director to accept the work upon final completion of the construction contract.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 14, 1997.

_____
Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

September 29, 1997

Mr. Ed Harrington
City Controller
875 Stevenson Street
San Francisco, CA 94103

SUBJECT: Declaration of Emergency, Pier 1 1/2 building wall

Dear Mr. Harrington:

A portion of the back wall of the Pier 1 1/2 bulkhead building wall has collapsed creating a hazard to the public. Port Maintenance staff has removed the debris and barricaded the area to prevent tenant access into the unsafe area. A permanent repair is required to eliminate the danger of the collapsed wall and to restore the area for tenant use. Architectural and engineering ("A & E") services are required to provide a repair design and a contractor is required to perform the repair. The Port has neither in-house architectural and engineering resources currently available to perform the design nor the maintenance staff for the required construction work.

Funds for the emergency A & E services and emergency construction contract, estimated to cost a total of $240,000, are available in the Port's Operating Fund.

A resolution declaring the existence of this emergency will be presented to the Port Commission at its next meeting.

Sincerely yours,

DENISE McCARTHY
Vice President, Port Commission

Recommended by:

DOUGLAS F. WONG
Executive Director

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

October 8, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Extension of Professional Services Contract No. SA 3930043, "FERRY BUILDING HISTORIC RENOVATION FEASIBILITY STUDY AND CONCEPTUAL DESIGN," with Polshek and Partners until December 31, 1998, and approval of Third Amendment to authorize additional design and feasibility work.

DIRECTOR'S RECOMMENDATION: EXTEND CONTRACT NO. SA 3930043 WITH POLSHEK AND PARTNERS ARCHITECTS UNTIL DECEMBER 31, 1998 AND APPROVE THIRD AMENDMENT FOR AN AMOUNT NOT TO EXCEED $157,000.

In 1993, the Port received a $1.0 million Transportation Enhancement Activities (TEA) grant from the Federal Highway Administration to fund preliminary design, engineering and feasibility analysis of the historic renovation of the Ferry Building. The Port has also received other federal grants, including a Federal Transit Administration Section 3 grant for $1.0 million. The Port issued an RFP in September 1993 (Port Commission Resolution No. 93-126) for a multi-disciplinary design team to perform the above-mentioned services. The Port selected a team led by the architecture firm of Polshek and Partners Architects ("Polshek") and executed a professional services contract in January 1994 (Port Commission Resolution No. 94-4) for $456,000.00 using the TEA grant. In April 1994, Port staff approved a non-substantive Contract Amendment having no cost implications in order to incorporate administrative requirements for federal contracts.

Polshek completed the first phase of their analysis and presented the results and recommendations to the Port Commission in September 1994. Several alternatives were developed to analyze the architectural, historic, financial and economic feasibility of the project. This analysis is summarized in a report entitled "Ferry Building Feasibility Study, Evaluation of Alternatives, December 1994." The feasibility study identified a financial gap of $30 million between warranted private investment and the total renovation costs of the preferred alternative.

THIS PRINT COVERS CALENDAR ITEM NO. 7A

On March 14, 1995, the Commission approved Contract Amendment No. 2 for additional work including geotechnical and structural engineering analysis of the building foundation and superstructure, tenant relocation impact and real estate development and asset management studies, resource analysis and architectural design studies, totaling $210,000.00 using the TEA grant. Total contract costs are itemized below:

Original contract amount:	$456,000
Amendment No. 2	$210,000
Total to date:	$666,000

To date, Port Staff with consultant assistance have identified a number of refinements which increased the building's efficiency, confirmed the appropriateness of the approach to seismic and foundation repairs, and reduced the costs of relocating tenants. This has reduced the projected financial gap to under $10 million from the original $30 million. Port staff have also conducted interviews with local and national development firms to obtain "real world" reactions to the viability of the project, held a workshop with leading Bay Area retail experts in order to further test the conceptual design and layout of the project, and discussed the project with various community representatives.

Port staff have worked with the Planning Department's Office of Environmental Review and the State Historic Preservation Officer to further the environmental review and historic review, respectively, for this project, and have made substantial progress in completing preliminary drafts for these documents.

Three other projects either underway or nearing final approvals will contribute to the success of the Ferry Building renovation, including the Ferry Building Seismic Repair Stage II Project, the Downtown Ferry Terminal Project and the Mid-Embarcadero Roadway Project. The seismic repair project will seismically strengthen the Ferry Building, the Mid-Embarcadero project provides an improved roadway and civic plazas adjacent to the building, and the Ferry Terminal project provides highly desirable site improvements including ferry service enhancements and public access through and around the Ferry Building.

Port staff require further design and financial services as part of preparing a developer Request For Proposals ("RFP") for the Ferry Building. The term of the Polshek contract was through December 31, 1996. It is necessary to extend the term of the contract through December 31, 1998 in order to obtain further services throughout the developer RFP process. Design services will include refining plans and cost estimates for a potential development concept, inventorying historic materials, preparing development guidelines, and addressing specific building code compliance and phasing issues. Financial services will include appropriately structuring the development agreement, the lease, and the relationship and responsibilities between the Port and the developer, conducting an updated market and financial analysis, analyzing the risks associated with the project, and providing economic advisory services.

In addition, Port staff need assistance in preparing a condition survey, and geotechnical, structural, and historic architecture and materials analyses and cost estimating to evaluate the feasibility of using Pier 1 as a potential relocation resource for current Ferry Building occupants.

To accomplish the above identified tasks requires the following changes in the Consultant's work scope:

- Assist in updating and refining plans and cost estimates for the project;
- Assist in inventorying historic materials;
- Assist in preparing development guidelines;
- Assist in addressing specific building code compliance and construction phasing issues;
- Assist in structuring the development agreement and lease between the Port and private parties to address specific building circumstances and the relationship and responsibilities between the Port and a developer;
- Assist in updating market and financial analyses for commercial spaces in the Ferry Building and analyzing the risks associated with the project;
- Provide economic advisory services;
- Assist in providing a condition survey, geotechnical and structural engineering, and cost estimating services for Pier 1; and
- Assist in identifying and evaluating historic architecture and materials considerations for Pier 1.

This contract modification would increase the contract amount by no more than $157,000. The DBE participation goal for this contract of 32% will be met as part of this amendment. The additional cost of this contract amendment will be fully funded from the Federal Transit Administration $1 million grant. The initial phase of work related to preparation of a developer Request For Proposals for the Ferry Building will be completed within 45 days, with additional services provided throughout the developer RFP process.

Prepared by: Paul Osmundson, Director of Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **97-88**

WHEREAS, the Port Commission adopted Resolution No. 94-4 on January 12, 1994 approving a professional services contract ("Contract") with Polshek and Partners to conduct preliminary design and feasibility analysis for the historic renovation of the Ferry Building through December 1996 for an amount not to exceed $456,000, following which Contract Modification No. 1 was administratively approved for a non-material amendment related to federal contract provisions; and

WHEREAS, the Port Commission adopted Resolution No. 95-21 on March 14, 1997 approving Contract Modification No. 2 with Polshek and Partners to conduct additional investigations involving engineering analysis, tenant relocation impact and real estate development and asset management studies, historic resource analysis and architectural design studies for an amount not to exceed $210,000; and

WHEREAS, upon review of the consultant design and feasibility analyses and after further staff investigations into project design and feasibility, several very important issues require additional investigation in order to fully respond to current market conditions and to better position the Port to attract appropriate private sector interest; and

WHEREAS, Port staff requests that the Contract be extended through December 31, 1998, and that the Consultant assist in refining plans and cost estimates for the development concept, inventorying historic materials, preparing development guidelines, and addressing specific building code compliance and construction phasing issues; and

WHEREAS, Port staff requests that the Consultant assist in structuring a development agreement and lease to address the relationship and responsibilities of the Port and potential developers, updating market and financial analyses, analyzing risks associated with the project, and providing economic advisory services; and

WHEREAS, Port staff requests that the Consultant assist in providing conditions survey, geotechnical and structural engineering, and cost estimating services for Pier 1, and assistance in identifying and evaluating historic architecture and materials considerations; and

WHEREAS, Port Staff has met with the Consultant and negotiated a price not to exceed $157,000 to complete the additional tasks; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to extend the term of the contract and enter into the Third Amendment to Contract No. SA 3930043 with Polshek and Partners to extend the term of the contract through December 31, 1998 and to increase the dollar amount to $157,000 for the above described work.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 14, 1997.

_____
Secretary

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PORT OF SAN FRANCISCO

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Writer

MEMORANDUM
October 7, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman
Hon. Denise McCarthy
Hon. Frankie Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas Wong
Executive Director

SUBJECT: Request for Modification to Agreement with Bay Planning Coalition to Process the Port's Application to BCDC for Amendments to BCDC Planning Documents to Implement the Waterfront Land Use Plan for up to $80,000 plus Bay Planning Coalition Administrative Expenses

RECOMMENDATION:
Approve Resolution to Modify the Agreement with Bay Planning Coalition

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In January 1996, the Port Commission approved an agreement between the Port and the Bay Conservation and Development Commission (BCDC) to coordinate amendments to BCDC planning documents to implement the Waterfront Land Use Plan (Resolution 96-02). To carry out this work, the Port entered into an agreement with the Bay Planning Coalition in April 1996 to provide funding for BCDC staff to carry out the Port's agreement with BCDC. The agreement with Bay Planning Coalition was for $49,000 for BCDC staff services and Coalition administrative fees.

Due to a subsequent BCDC staffing shortage and extra time necessary to resolve complex regulatory issues, additional funding is necessary to complete the BCDC planning document amendments. Based on estimates provided by BCDC, this effort could require an additional $80,000 (approximately $60,000 for staff services, and $20,000 for graphic design and printing services to produce the amended planning documents). Consequently, the staff seeks to modify

THIS PRINT COVERS ITEM NO. 7C

the Port's agreement with the Bay Planning Coalition for an additional, not-to-exceed amount of $80,000, plus Bay Planning Coalition administrative fees, which are expected to be approximately $2,400.

The funds for this modification would come from resources previously allocated to the Waterfront Plan project. The anticipated schedule for completing negotiations to produce the BCDC planning document amendments later this year, with final BCDC Commission approval in Spring 1998.

Prepared by: Diane Oshima
Waterfront Plan Manager

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PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-90

WHEREAS, In June 1997, the Port Commission adopted the final Waterfront Land Use Plan ("Waterfront Plan", Commission Resolution 97-50), developed through a thorough public planning process; and

WHEREAS, The Waterfront Plan includes some land use objectives and policies that are not currently addressed by or consistent with the existing plans of the Bay Conservation and Development Commission ("BCDC"); and

WHEREAS, In order to fully implement the Waterfront Plan and provide consistency with BCDC's plans and regulations affecting the Port, the Commission approved an agreement between the Port and BCDC to jointly develop amendments to BCDC's planning documents to resolve these policy issues (Commission Resolution 96-02), which included providing financial assistance for a consultant to assist BCDC for an amount not to exceed $49,000; and

WHEREAS, Due to a subsequent BCDC staffing shortage, extra time necessary to resolve some complex regulatory issues, and the need for assistance from an economic consultant, additional funding is needed to complete the BCDC planning amendments, funded through an agreement with the Bay Planning Coalition; and

WHEREAS, BCDC estimates that the additional work could require up to $80,000 for staff services, economic consultant, and graphic design and printing services to produce the amended planning documents, plus Bay Planning Coalition administrative fees (expected to amount to $2,400); and

WHEREAS, The funds to pay for these expenses would come from resources previously allocated to, and currently available in, the Waterfront Plan project budget; now, therefore be it

RESOLVED, that the Port Commission hereby approves the expenditure of additional funding in an amount not-to-exceed $82,400 to assist BCDC in completing amendments to BCDC planning documents to implement the Waterfront Plan.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 14, 1997.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

October 7, 1997

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TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James R. Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong, Executive Director

SUBJECT: Amending Port Commission Resolution No. 97-16, Related to the Downtown Ferry Terminal Project, Adding Provisions Requested by the California Transportation Commission Regarding the Expenditure of $7.5 Million in Proposition 116 Bond Funds.

DIRECTOR'S RECOMMENDATION: Approve the Resolution.

On February 25, 1997, the Port Commission adopted Resolution No. 97-16 (copy attached) authorizing the Port Director to request programmatic changes to its application before the California Transportation Commission (CTC) for the Downtown Ferry Terminal Project to include a second landing facility south of the Ferry Building, a breakwater for protection of the South Landing, and the addition of new Federal funds.

The California Transportation Commission approved the use of Proposition 116 bond funds for the Downtown Ferry Terminal in 1992 and 1993. CTC funds were used for the design and engineering work which has been completed. The balance of $7.5 million in CTC funds will be used for construction of the project which is scheduled to begin in April 1998. These funds will match a total of $6.2 million in Federal funds that have been secured to fund the $13.7 million Downtown Ferry Terminal Project.

Since the Port Commission's action in February 1997, the CTC has not acted on the Port's application because the project was pending environmental approvals. On August 7, 1997, the San Francisco Department of City Planning adopted and issued a Final Negative Declaration in accordance with the California Environmental Quality Act (CEQA). The Federal Highway Administration approved the project under the National Environmental Policy Act (NEPA) on September 15 1997 when it issued a Finding of No Significant Impact (FONSI).

THIS PRINT COVERS CALENDAR ITEM No. **7D**

The CTC staff is prepared to calendar the Port's application for the October 30, 1997 CTC hearing. Prior to referring the application to its Commission, CTC staff has requested the addition of the following provisions to its February 1997 Resolution:

1. ***That the Port Commission Has the Authority to Expend the CTC Funds.***

This language was not included in the February Resolution because the projected had not received the required CEQA/NEPA certifications. The Port Commission has received permission from the Board of Supervisors to apply for, accept and expend these funds (Board of Supervisors Resolutions No. 939-91 and 396-93).

2. ***That the Port of San Francisco will comply with the Commission's Timely Use of Funds Policies***

The CTC requires project recipients to spend funds within a prescribed time schedule. Proposition 116 funds be encumbered within six months of the allocation of funds. Currently, staff is proposing to have the CTC approve the allocation of funds in February 1998 which would allow ample time for the Port to encumber the funds by awarding the contract in March 1998. The allocation must be spent within 5 years from the date of allocation. The Port can meet that requirement since construction on the Downtown Ferry Terminal Project is scheduled to be completed by Summer 1999.

3. ***That the Proposed Project Is Not an Unnecessarily Elaborate Alternative***

The only other alternative studied for environmental review purpose was a no build alternative. The addition of the breakwater and second landing is basic to the underlying purpose of the Downtown Ferry Terminal Project which is to provide efficient and safe landing facilities for existing and future ferry routes.

4. ***That the Port Commission will cover any funding gaps resulting in the event that Federal grants do not materialize or to cover additional project costs.***

Based on final engineering and design estimates, the Downtown Ferry Terminal Project as currently proposed to the CTC is a fully funded project. Of the $6.2 million in Federal grants secured for the Downtown Ferry Terminal Project, **only $1.4 million from the Federal Transit Administration's Interstate Transfer Fund (Title 23) is pending final approval.**

The FTA grant is to be used for the North Landing Facility. The Port is unable to apply for these funds directly because it is not an authorized transit agency. Upon completion of the environmental review process, an application was submitted through

MUNI, the City's authorized transit agency. FTA local officials have reviewed the proposed project with the Port and advised the Port that the February 1998 is a realistic time schedule for securing final approval from FTA. FTA officials support the overall purpose of the project, to reduce congestion on Bay Area Highways by promoting ferry service. Another FTA grant (Sec. 3) is being used for design of the Ferry Building Renovation Project. Unlike Federal Highway funds, the approval process for Title 23.funds takes longer because Department of Labor review is required.

The $1.4 million Title 23 grant has already been approved by local and regional agencies, including the Metropolitan Transportation Commission. These funds were mitigation funds granted to the City for not proceeding with the construction of Highway 280. Through an agreement with the Peninsula Powers Joint Powers Board (the successor to **CALTRANS) these funds can only be used by the Port of San Francisco for its ferry terminals. The Port is not competing with another agency for these funds.** The FTA review process is an administrative one that is expected to conclude in approval of the application by February. Prior to February, the Port must seek the CTC's approval of the changes to the project scope so it can advertise the construction contract. Additionally, by December 1997, the Port must complete the application to request the allocation of the funds for the February 1998 CTC hearing.

In the event that the FTA does not approve the Port's Title 23 grant request, staff would return to the Port Commission to seek its approval for use of Port funds to cover the funding gap of $1.4 million. At that time, the Port Commission could modify the scope of project to fit within available funding sources. An opportunity to review the funding availability will be available to the Port Commission prior to going to the CTC for final approval on allocation of funds for the project.

This project will be bidded out by utilizing bid items to allow the Port to award a contract for a project including components for which it has approved funding sources. Additionally, sufficient contingencies have been built into the project budget. Both of these protections allow the Port to control cost overruns.

Prepared by: Veronica Sanchez, Manager
Governmental Affairs

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION No. 97-91

WHEREAS, On February 25, 1997, the Port Commission adopted resolution No. 97-16 authorizing the Port Director to request the California Transportation Commission's approval of programmatic changes to the Downtown Ferry Terminal Project; and

WHEREAS, A Negative Declaration has been issued by the San Francisco Department of City Planning and a Finding of No Significant Impact has been issued by the Federal Highway Administration for the Downtown Ferry Terminal Project ; and

WHEREAS, The California Transportation Commission (CTC) is currently reviewing the Port's application for changes to the project and has requested that the Port Commission provide the CTC with additional assurances of its authority to expend Prop 116 funds and begin timely construction of the Downtown Ferry Terminal Project with $7.5 million of Proposition 116 funds; now therefore be it

RESOLVED, The Port Commission amends Resolution 97-16, as requested by the CTC, to include the following provisions:

(1) The Port Commission has the authority to expend the $7.5 million in State funds for construction of the Downtown Ferry Terminal Project.
(2) The Port Commission will Comply with the CTC's Timely Use of Funds Policies.
(3) The Port Commission assures the CTC that the Downtown Ferry Terminal Project with its two ferry basins, breakwaters and passenger amenities is not an unnecessarily elaborate alternative.
(4) The Port Commission will approve the use of $1.4 million to close the funding gap that may result from the FTA Grant (Interstate Transfer, Title 23) not materializing or to cover increase in costs.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 14, 1997.

_____
Secretary

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PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-16

WHEREAS, In FY 91/92, by Resolution #PA-91-05, the California Transportation Commission (CTC) awarded the Port of San Francisco a $5.8 million grant out of Proposition 116, the Clean Air and Transportation Improvement Funds, for various capital improvements to its ferry terminal operations including the seismic retrofit of Pier ½, construction of a passenger terminal and disability access improvements; and

WHEREAS, In FY 92/93, by Resolution #PA-93-21, the CTC awarded the Port of San Francisco a $2.7 million grant out of Proposition 116 funds to construct a second passenger waiting area inside the Ferry Building; improve passenger circulation in and around the Ferry Building; connect the new waiting areas with existing terminal; and provide new signage; and

WHEREAS, On August 5, 1993, the CTC approved the Port's request of an initial allocation of $977,388 for design and engineering of the Pier 1-½ Ferry Terminal. The design work is already complete; and

WHEREAS, An Initial Study/Environmental Assessment (IS/EA) has been completed for this project and has been reviewed by the San Francisco Office of Environmental Review for compliance with CEQA. The project is pending right of way and NEPA certification by CALTRANS; and

WHEREAS, The Port of San Francisco is requesting approval from the California Transportation Commission of a programmatic change to its FY 91/92 & FY 92/93 grant awards to include a second landing facility South of the Ferry Building to provide efficient and safe landing facilities for the region's existing and future operators; the addition of a breakwater for protection of the South Landing; and the addition of new Federal funds; and

WHEREAS, To pursue this programmatic change, the CTC requires that the Port Commission adopt statements documenting its legal and financial authority to commence construction of the Downtown Ferry Terminal Project and to manage and operated the newly renovated facilities; now, therefore be it

SAN FRANCISCO PORT COMMISSION
RESOLUTION NO. 97-16 (February 25, 1997)
DOWNTOWN FERRY TERMINAL GRANT
REQUEST FOR PROGRAMMATIC CHANGES TO PROPOSITION 116 GRANTS

RESOLVED, That the San Francisco Port Commission does hereby indicate to the CTC the following:

(1) San Francisco Charter Section B3.581, grants the Port Commission the power and duty to use, conduct, operate, maintain, mange, regulate, and control the port area of San Francisco and to do all things it deems necessary in connection with the use, conduct, operation, management, maintenance, regulation, improvement and control of said port area.

(2) San Francisco City Charter Section B3.581, gives the Port Commission the financial and institutional authority to accept the legal liabilities associated with this project. By Resolution, the Port Commission and the San Francisco Board of Supervisors have approved the use of Proposition 116 funds and Federal matching funds for the Downtown Ferry Terminal Project, pending environmental certification; and

(3) By prior action, Resolution No. 93-17, the Port Commission agreed to operate and maintain the project facilities once they are completed at Pier ½ and that any project cost overruns (beyond those indicated in the original Proposition 116 application) would be financed by other local, Federal or private funds.

(4) The Port Commission hereby agrees to operate and maintain the second landing facility at the South Basin and the breakwater and all other areas constructed with Proposition 116 funds.

(5) The Port Commission has identified and is in the process of securing final approvals as described in the attached Memorandum to the Commission for Federal grants to fund this project. In the event of project overruns or a shortfall, the Commission will pursue other public financing alternatives including but not limited to its own funds and modifications to the project.

(6) The Downtown Ferry Terminal Project's primary benefit is to the public and does not benefit a private entity or individual.

(7) That no new or increased development fees, taxes or exactions or permit fees will be included in the operating budgets for this project or for the purpose of matching funds for Proposition 116 grants.

(8) This project has been fully investigated to determine the absence/presence of hazardous wastes. The Port of San Francisco will take reasonable steps to assure full due diligence, clean-up of the site, as appropriate and upon approval of the San Francisco Board of Supervisors, will indemnify the State of California of future clean-up liability or damages, as well as not seek State funds for clean-up damage or liability costs associated with hazardous wastes.

(9) The Downtown Ferry Terminal will comply with Proposition 116 accessibility requirements for the disabled and for providing access to bicyclists; and, be it further

RESOLVED, That the Port Commission's approval of the change to its award of funds from the California Transportation Commission are contingent on securing approvals of all required environmental documents for the Downtown Ferry Terminal Project; and, be it further

RESOLVED, That the Port Commission authorizes the Executive Director of the Port of San Francisco to provide the CTC with any further assurances and information related to the Downtown Ferry Terminal Project that will assist the CTC in reviewing the Port of San Francisco's request for programmatic changes to its grant awards and to seek future allocation of funds to commence project construction.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 25, 1997.

Imelda Quesada
Secretary

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PORT OF SAN FRANCISCO

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MEMORANDUM

October 8, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. James Herman
Hon. Frankie G. Lee
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to issue a Request for Proposals for a consultant for Financial Advisory Services

DIRECTOR'S RECOMMENDATION: Approve Resolution

The Port Commission currently has a contract with Public Resources Advisory Group and Charles A. Bell for financial advisory services to assist staff in the formulation of financing plans, to provide financial analysis and financial feasibility studies for development alternatives, to assist in the issuance of debt and to assist with other advisory services required from time to time.

The current contract expires on December 31, 1997. Staff will select a consultant for financial advisory services through a competitive proposal process subject to Commission Approval. The contract will be for two years, renewable for an additional two years at the Port's option. The estimated annual cost is $50,000.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-87

WHEREAS, Port staff requires assistance with financial analysis, financial feasibility studies, debt issuance, and other financial advisory services; and

WHEREAS, Port staff desires to contract for these services with an outside consultant; and

WHEREAS, Port staff requests approval to issue a Request for Proposals to select a consultant for financial advisory services; and

WHEREAS, the contract will be for two years, renewable for an additional two years at the Port's option; now therefor, be it

RESOLVED, that the Commission hereby authorized staff to issue a Request for Proposals for financial advisory services.

I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of October 14, 1997.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

OCTOBER 14, 1997
MINUTES OF THE SPECIAL MEETING

DOCUMENTS DEPT.

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HON. DENISE McCARTHY, VICE PRESIDENT
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HON. JAMES HERMAN
HON. KIMBERLY BRANDON

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
OCTOBER 14, 1997

1. ROLL CALL

The meeting was called to order by Commission President Michael Hardeman at 12:35 p.m. The following Commissioners were present: Commissioner Michael Hardeman, Denise McCarthy, Frankie Lee, James Herman and Kimberly Brandon.

2. APPROVAL OF MINUTES - September 23, 1997 Regular Meeting

ACTION: Commissioner Herman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report

Mr. Wong reported that an estimated 150,000 people were at the waterfront this past weekend to celebrate Fleet Week. The United States Navy, the Coast Guard and foreign navy ships provided a Parade of Ships that sailed under the Golden Gate Bridge along the waterfront. The flagship for the Parade rendered a traditional gun salute to the City of San Francisco, Mayor Willie Brown and senior Navy officers aboard the USS Harpers Ferry at Pier 45.

The Blue Angels and civilian aerobatic performers conducted a spectacular air show over the Bay between the Golden Gate Bridge and Treasure Island. Thousands of spectators watched the air show from Pier 45, Marina Green, Aquatic Park, Fisherman's Wharf and Pier 39.

Ships moored at various San Francisco piers are open for public viewing until Tuesday. An estimated 38,500 people toured the ships over the weekend.

Mr. Wong also reported on the progress of the legislation to amend the Passenger Services Act (PSA). He indicated that a hearing on S.803 is scheduled for next week in the Senate Subcommittee on Surface Transportation & Merchant Marine. This will be the first opportunity for Congress to hear the importance of changing the 111-year-old PSA to open up the market for domestic cruises. Senators Thurmond and Murkowski introduced the legislation in May at the request of U.S. ports and travel agencies. Four witnesses have been asked by the Subcommittee to testify. The ports will be represented by Boston's CEO who heads up the Port and the airport. The

President of the Cruising America Coalition, Rear Admiral Dave Lauth, will speak about the leadership of California's Ports in pursuing this legislation and its importance to traditional maritime businesses. A vote will not be taken at next week's hearing but we hope to have a Committee vote before the Senate recesses for this session. Our Port will continue to work with other California ports, travel businesses and ship repair yards to get the support of both of our California Senators who have yet to commit as co-sponsors.

The urgency for PSA passage is even more critical with the loss of 20 cruise calls next year. As was previously reported, this past year was a peak year for our cruise business with 53 cruise calls and 90,700 passengers. However, this year the picture looks grim with the loss of 20 cruise calls and 55,000 passengers. This represents a loss of 63% in direct revenues to the Port of San Francisco. For the first time in a decade, Princess Cruise Lines will not have a cruise ship homeported at the Port for the Alaska Season. Princess and other cruise lines want to get passengers out of Alaska as fast as possible. Crystal Cruise Lines only calls here every other year and right now we are still negotiating with them for the 1999 season.

Maritime staff has been working very hard on attracting new lines to replace the business. They've prepared wonderful cards showing the incentive plans available for cruise lines homeported at the Port but as of yet, we are still waiting to hear back from them.

Our Fisherman's Wharf merchants, stevedore, and other maritime businesses are obviously very concerned about the loss of business. The loss of 55,000 passengers to the Wharf means that it will lose at least 25-55% of that foot traffic.

The loss of this business clearly shows the critical need to change the PSA because otherwise San Francisco has no way to replace lost Alaska cruise calls. We cannot continue to rely exclusively on the Alaska market. We have all our eggs in one basket by relying on the Alaska trade. Our only means of retaining a constant number of calls and growing the business further is to change the PSA. We hope that Congress, most especially our Congressional Delegation, will understand the urgency of passing the bill.

Mr. Wong also reported that today, staff learned that the sale of San Francisco Drydock to the Carlyle Group, a Washington, D.C. based investment group was finalized. A copy of the article regarding the sale was circulated to the Commissioners.

Carlyle Group will retain Mr. Carl Hanson as the General Manager of San Francisco Drydock. Mr. Hanson's continued presence will ensure continuity. This year has been a very profitable year for San Francisco Drydock. The yard has made huge strides in transitioning into the commercial sector after the closure of Bay Area Navy bases, which significantly hurt their business. San Francisco Drydock is the Port's largest maritime tenant.

Mr. Wong mentioned that he will be meeting with Mr. Hanson this Thursday to get more specific details of the sale and what possible impacts it may have on the Port's ongoing lease negotiations for San Francisco Drydock at Pier 70. He welcomed the new owners and looked forward to working them.

Commissioner Lee remarked that he enjoyed the Fleet Week celebration last Saturday. He and Commissioner Brandon were on board the USS Harpers Ferry. The weather was beautiful and the show was spectacular. He encouraged the Port to continue supporting the Fleet Week. The Vice Admiral promised that he would come back to San Francisco as long as San Franciscans want them. Commissioner Lee also commented that he noticed wall-to-wall people on the waterfront on Sunday.

Commissioner Herman inquired about the perspective of garnering sufficient number of votes to pass the Passenger Services Act. Ms. Veronica Sanchez, Manager of Governmental Affairs, replied that it is hard to speculate on what the political process is going to do for the Port. However, she believed that the legislation has more momentum now than it has ever been. A list of very significant supporters includes prominent maritime associations such as the Shipbuilders Council of America and all major travel associations. Currently, there is a frenzy of activity in the country over cruise ships. For the first time in 30 years, a cruise ship called at a major pier in Chicago. That same cruise ship also stopped in Toledo, Milwaukee and other destinations that are not traditional cruise ports. Houston is a big new cruise port. There is a whole new public awareness about the importance of cruise ships to waterfronts across the nation. It will only happen if we all collectively pull together and bring this matter to Congress.

Commissioner Hardeman indicated that Port staff did a remarkable job entertaining the Osaka delegation and he enjoyed having them at the Port.

Commissioner Hardeman concurred with Commissioner Lee's comments regarding Fleet Week. He was on board the Jeremiah O'Brien on Saturday and had a wonderful time. It was evident that the people support Fleet Week and witnessed the crowd at Sunday's 49ers game giving a standing ovation and applaud when the Blue Angels flew over 3Com Park.

4. MARITIME

5. REAL ESTATE AND ASSET MANAGEMENT

A. Adoption of Guidelines recommended by the Pier 45 Advisory Group regarding long-term uses for Pier 45 Sheds A and C and approval of a continued role for the Pier 45 Advisory Group. (Resolution No. 97-83)

Mr. Kirk Bennett, Senior Property Manager, indicated that in January 1996, the Port formed the Pier 45 Advisory Group made up of representatives of various constituencies comprising the Fisherman's Wharf community. The mission of this group was to provide input and guidance on the uses for Sheds A and C, located on

the east side of Pier 45. Before making recommendations regarding uses for Sheds A and C, the advisory group identified and studied the following topics:

1. Pier 45 Valley traffic circulation. The transportation consulting firm of Rajappan & Meyer was hired by the Port to analyze trucking needs and recommend plans for the Pier 45 Valley and to determine how trucks could service new fish processing space in Sheds A or C. The consultants found that the Pier 45 Valley currently operates reasonably well for most periods of the year in its current configuration. They also observed that traffic circulation on Pier 45 could be improved by undertaking certain measures. Port staff has worked with the Pier 45 tenants to implement several of the measures.

2. Alternate Use Scenarios. The advisory group, working with Port staff and the transportation consultant, developed four alternate use scenarios for Sheds A and C in order to evaluate the potential impacts. Each of the scenarios built upon the existing fishing industry uses presently located in Sheds B and D and considered the physical limitations of Piers 45. A conceptual layout, circulation study and cost estimate was prepared for each use scenario.

   A. Existing Configuration. This alternate would retain the current use of Sheds and C for periodic events, as well as the newly created fishing industry employee parking in a portion of Shed C. The estimated cost is $100,000.
   B. Sheds A and C Maximum Fish Processing. This alternate would convert both Sheds A and C to as much fish processing as possible with parking provided for fishing industry employees in front of Shed A. The estimated cost is $4.3 million.
   C. Mixed Use - Shed A Public Attraction and Shed C Fish Processing. This alternate would provide public attraction space and industry parking spaces on Shed A. Shed C would be used for fish processing and fishing industry storage. The estimated cost is $2.5 million.
   D. Sheds A and C Maximum Public Attraction Space. This alternate would provide public attraction space in both Sheds A and C with public and fishing industry parking in the front portion of Shed A. The estimated cost is $1 million.

3. Jefferson Street Fish Trading. The advisory group determined that the fish trading activity that occurred on Jefferson Street was illegal and could be accommodated by existing wholesalers at Fisherman's Wharf. With the assistance of the San Francisco Department of Public Health, the Fire Department and the Police Department, the Port led a program that resulted in the curtailment of the illegal fish trading activity.

4. Fisherman's Wharf Traffic Study. The study prepared by the consultant focused on the area of Fisherman's Wharf surrounding Pier 45 and the different modes of circulation that interface there. The study presented two sets of recommendations that address: (a) assisting the existing uses on Pier 45 and (b) accommodating new uses.

Several of the recommendations are now being implemented as part of the F-Line project.

During the course of these 21-months, an environmental review was done, which included the Pier 45 Sheds A and C. Upon reviewing the draft EIR for the Hyde Street Fishing Harbor Pier 45 Sheds A and C, in May 1996, the advisory group requested that the Mixed-Use Shed A Public Attraction Space and Shed C Fish Processing alternate use scenario be added as the Preferred Alternative in the Final EIR.

On December 12, 1996, the Planning Commission certified the Hyde Street Fishing Harbor/Pier 45 Sheds A and C Final EIR. On December 20, 1996, the Port Commission adopted the Final EIR and the findings related to environmental review and project approval. All of the uses comprising the Preferred Alternative, as well as the other alternatives, that were studied in the Final EIR are acceptable under the Port's Waterfront Land Use Plan, adopted on June 24, 1997 and comply with the Development Standards for the Fisherman's Wharf Mixed Use Opportunity Area, which includes Pier 45 Sheds A and C.

Based upon its work over the past 21 months, the Pier 45 Advisory Group on October 1, 1997, unanimously approved a motion approving the following guidelines for long-term uses regarding Pier 45 Sheds A and C:

- Shed C to be reserved for fishing industry uses including fish processing and wholesaling, truck access, storage and employee parking;
- Shed A to be reserved primarily for public attraction uses that are compatible with the fishing industry and with the Fisherman's Wharf area and include a significant maritime component;
- A portion of Shed A may be used for support space for the USS Pampanito;
- The Pier 45 east apron to be reserved for public access, ceremonial berthing and USS Pampanito access and support; and
- If required for Pier 45 fishing industry tenants, parking shall be provided in Sheds A and/or C.

These long-term use guidelines are consistent with the project proposed as the Preferred Alternative evaluated in the Final EIR, and with the Port's Waterfront Land Use Plan. Port staff recommends that the Port Commission adopt the long-term use guidelines to guide the use and development of Pier 45 Sheds A and C.

Mr. Bennett noted that the resolution attached to the memorandum had an error wherein Shed C was left off. The Commission was provided a revised resolution.

The development of these long-term land use recommendations for Pier 45 Sheds A and C concludes the original mission of the Pier 45 Advisory Group. Port staff and the Pier 45 Advisory Group believe that the continued involvement of the advisory group in reviewing and making recommendations on the following

matters could aid the Port in the successful development of Pier 45 Sheds A and C:

- Review implementation of the long-term use guidelines for Sheds A and;
- Review implementation of all major interim uses on Pier 45;
- Review development of circulation improvements on Pier 45 and in the area immediately surrounding the Pier; and
- Review water quality protection measure.

Port staff recommended that the Port Commission continue the role of the Pier 45 Advisory Group by reviewing and making recommendations on these matters.

Tom Creedon indicated that a couple of years ago he approached the former director Dennis Bouey and complained that he and other merchants in the area disagreed with the results of the Sedway report which gave uses for Pier 45. Mr. Bouey made it clear that Pier 45 is a very valuable property and that revenues have to be generated. After Mr. Bouey's and Sharon Polledri's departures, he received the same speech from the current executive director. Mr. Creedon asked for consideration to find some uses. A lot of the businesses in the Fisherman's Wharf community felt strongly that additional retail is not needed . The Fisherman's Wharf CAC required that Pier 45 be reserved for fishing. The results of the study indicated that they will be able to use the additional space at Pier 45 for fishing and still reserve another shed to be used for some type of attraction. They hope that it would generate money for the Port or continue to support the existing businesses. He commented that it is great to have a Commission to give them an opportunity to voice their opinion and be considered.

Bob Miller, President of Crabboat Owners Association, indicated that he was part of the advisory group. The fishing industry is very much in support of the item before the Commission. He referred to the second item of the first resolved of the resolution wherein it states, Shed A to be reserved primarily for public attraction uses that are compatible with the fishing industry and with the Fisherman's Wharf area and include a significant maritime component. He indicated that there was some desire on the part of the committee who would have liked to see that omitted but it was the unanimous opinion of the committee that the uses of Shed A along with Sheds B, C and D be all fishing related. The fishing industry is in favor of the advisory group's recommendations.

Mr. John Caito, Caito Fisheries, indicated that the Pier 45 complex has been the greatest thing that happened to the fishing industry. His family is the oldest Port fish processing tenant (since 1885). The Port now has the best fishing facility in the West Coast.

Executive Director Wong thanked the Pier 45 Advisory Group. He also thanked Mr. Bennett for doing a fabulous job in spearheading the negotiations from the Port. Mr. Wong indicated that he, together with the advisory committee, looks forward to bringing developers in the site.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

B. Authorization to rescind Port Commission Resolution 94-20, directing staff in 1994 to issue Request for Proposals for horse drawn carriage use permit at Fisherman's Wharf. (Resolution No. 97-82) **THIS ITEM WAS CONTINUED TO THE NEXT MEETING**

The Commission Secretary announced that this item would be heard at the next Special Commission Meeting of October 22, 1997.

6. FACILITIES & OPERATIONS

A. Authorization to award Contract No. 2644, "Pier 50 Sheds B and C Roof Repair." (Resolution No. 97-84)

Mr. Alex Lee, Director of Facilities and Operations, indicated that this item is for the Commission to approve a contract to repair Pier 50 Sheds B and C roof. The low bid submitted was $1,217,191.14 by Pioneer Roofing Organization. Pioneer Roofing is an MBE firm and its MBE & WBE subcontracting participation are 20% and 8% respectively. Staff recommended the Commission to approve the award of the contract to Pioneer Roofing and authorize a 10% contingency for possible Type 1 contract modification.

Commissioner McCarthy inquired if staff routinely checks out contractor's qualifications. Mr. Alex Lee replied to the affirmative.

Commissioner Brandon inquired about the make-up of the MBE firm. Mr. Lee replied that he did not have the information readily available but will forward it to the Commissioner as soon as possible.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

B. Authorization to award Contract No. 2635, "Pier 50 Shed D Interior Improvements." (Resolution No. 97-85)

Mr. Alex Lee indicated that this item is for the improvement of Pier 50 Shed D. Mr. Lee mentioned that he is proud of the Maintenance Department for moving from Pier 46B to Pier 50 in a very quick and efficient manner. He specifically thanked Gary Olson for doing a wonderful job. This contract will provide improvements to the restrooms, heating, plumbing and also make it ADA accessible. The apparent low bid was $1,318,000. However, the bid was deemed non-responsive because it did not satisfy the WBE subcontracting goal. The second low bidder is Hok Construction,

with a bid of $1,348,000. The MBE participation is 35% and WBE is 10%.

Staff recommended that the Commission approve the award of this contract to Hok Construction and authorize a 10% contingency for possible Type 1 contract modifications.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

C. Ratification of the emergency declaration to repair a portion of the back wall of the Pier 1-1/2 bulkhead building. (Resolution No. 97-86)

Mr. Lee requested Commission's approval of the declaration of emergency to repair the back wall of Pier 1-½. The back wall collapsed due to age and is in need of dire repair. The estimated cost would be $240,000.

Commissioner Herman inquired about the uses at Pier 1-½. Mr. Lee replied that it is being used as commercial offices. Commissioner Herman wondered about the rationale for spending $240,000 for what might be an obsolete location when the plan for the continued use of that area is finalized. He wondered how long it would take to amortize it. Mr. Lee replied that the repair would be done on the bulkhead building. Staff believes that spending this money will enable the Port to amortize through rental potential of the area.

Commissioner Herman made a motion that this matter be held over and that they be given a comprehensive report about the building with respect to the square footage, type of offices and prospectuses for the remaining space. Mr. Lee indicated that he would provide the information to the Commission. He added that the Port is going to make additional investment to the marginal wharf at Pier 1-½ and the Port expects a high-income potential for that area.

Commissioner Hardeman inquired about the potential hazard to the public. Mr. Lee replied that staff would remove all the debris and barricade the area.

Executive Director Wong suggested that in the next Commission meeting, staff will report back with the information that Commissioner Herman requested. This is an emergency repair and the Port has liability on the pier. This is something that we would not want to put off too long.

Commissioner Lee reiterated the specific items that staff will report back at the next meeting: (1) number of square footage at Pier 1-½ ; (2) the income generated; (3) the rent (annual or monthly); (4) the emergency nature of repair; (5) public safety issue; (6) reason for the failure. Mr. Alex Lee mentioned that the reason for the failure is water damage and staff would like to repair it as soon as possible.

Mr. Kirk Bennett, Senior Property Manager, indicated that the current leased tenancy

at Pier 1-½ facility is about 9,420 sq. ft. Under the current rentals, they are paying approximately $120,000 a year. There is also approximately 9,000 sq. ft. of vacant space available. The available office space is expected to lease in the range of $170,000 a year. The Port would be generating more annual revenue than the cost of the particular repair. He also noted that a number of leases are expiring and a rental survey will be done shortly. The potential revenue of these spaces would be even greater. However, there is a concern that the back wall needs to be repaired and with the coming rains, staff may have to relocate the existing businesses.

Commissioner McCarthy also requested to include in the report the additional expenditure of money. Mr. Lee indicated that he would provide the detailed report at the next meeting.

After further discussion and without objection, Commissioner Hardeman tabled this item to the next meeting.

7. PLANNING & DEVELOPMENT

A. Authorization to extend Professional Services Contract No. SA 3930043 with Polshek and Partners Architects for the Ferry Building Renovation Project until December 31, 1998 and authorize Contract Modification No. 3 for additional design engineering and financial consulting services in an amount not to exceed $157,000.00. (Resolution No. 97-88)

Mr. Paul Osmundson, Director of Planning and Development, indicated that this item concerns the Ferry Building Renovation project. The Port executed a contract with an architectural, engineering team lead by Polshek and Partners in 1994 to analyze the feasibility of renovating the Ferry Building. Staff subsequently amended the contract in 1995 for additional work including geotechnical and structural engineering analysis for the building foundation and superstructure, tenant relocation and real estate development issues. Part of the process included analyzing a number of different alternatives for the renovation of the Ferry Building, conducted studies and set out a number of issues that had to be dealt with in a successful renovation.

In February of this year, staff provided the Commission a status report on a number of issues including surrounding projects, the Mid-Embarcadero Roadway project and the Downtown Ferry Terminal. As well, the Commission was apprised of the project approval status for the renovation of the Ferry Building, including the environmental review and historic preservation approvals including development considerations and a developer solicitation process.

This contract modification for the Polshek and Partners team to assist the Port in preparing a developer RFP for the Ferry Building Renovation project. The services will include design, additional cost estimating and plans for some refined development schemes, historic inventory of materials in the building, development guidelines and additional building codes and phasing issues. It also includes financial and real estate services, update market analysis, advise on structuring the development agreement

and ground lease with a developer and analysis of the risks associated with the project. These services are needed to prepare a developer RFP. The existing team is well suited for this work as they have prepared the previous work. The prepared RFP will have more information and be better suited to elicit informed responses from potential developers. Staff has the ability to rely on this team throughout the developer selection process. The contract amount is for $157,000. The DBE participation goal for this contract is 32% and will be met as part of this amendment. The funding source for the contract will be from the Federal Transit Administration ($1 million grant).

Commissioner Lee inquired whom the Port would be contracting with since David Robinson is no longer with Polshek & Partners. Mr. Osmundson replied that Polshek & Partners is going to remain in San Francisco although David Robinson, the principal, had parted ways. The contract modification will be Polshek & Partners. David Robinson and his new firm would be a subcontractor.

Commissioner Lee indicated that he is always concerned about contract modifications. He understands the necessity of the work and believes that the firm is capable. Commissioner Lee asked how the $157,000 would be used. Mr. Osmundson replied that the initial scope of work (a budget of $70,000) is to have the team assist staff in the preparation of the developer RFP including developer guidelines, refine project scope and materials inventory and some of the construction costs and phasing issues and structuring of the development agreement and the lease. The second phase would be to issue the developer RFP. Staff would like to have the team assist them in evaluating developer proposals once submitted ($47,000). The remainder of the contract would be to ($40,000) to analyze Pier 1 for the suitability of potentially relocating Port's offices in the event that it is part of the Ferry Building renovation, which has not yet been decided.

Commissioner Lee reiterated that the first part of the scope of work is for revisiting the original work to downsize the total dollar amount of the project. He asked if staff is confident in securing the $10 million. Mr. Osmundson replied that staff is somewhat confident. One of the main reasons staff feels the need to undertake this additional scope of work is to be certain that staff has the ability to bring the project within budget and have a developer be able to submit a reasonable proposal. Commissioner Lee wanted to ensure that staff reserves enough funding for the consultant to evaluate the RFP once they are submitted. He suggested to staff to try to make the RFP more like a performance specs and not put too much strain on the package to enable the proposer to come up with ideas on how to do the project. Mr. Osmundson replied that staff will incorporate Commissioner Lee's comments into the documents.

Commissioner McCarthy indicated that she shared the same comments/concerns that Commissioner Lee expressed. She wondered if having the consultants on board will result in the development of an RFP. Mr. Osmundson concurred and promised and guaranteed the Commissioner that this will be the last time this item will appear on the Commission's agenda. Executive Director Wong emphasized that he reminds Mr.

Osmundson about this item once a week and guaranteed that this will be the final phase.

Commissioner Brandon inquired about the DBE. Mr. Osmundson replied that DBE stands for Disadvantaged Business Enterprise. Originally, this was a Caltrans funded project and they have slightly different program for promoting diversity in contracts.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

B. Approval of China Ballpark Project Design based upon review of Schematic Drawings and Preliminary Construction Documents. (Resolution No. 97-89) **THIS ITEM WAS CONTINUED TO THE NEXT MEETING**

The Commission Secretary announced that this item would be heard at the next Special Commission Meeting of October 22, 1997.

C. Request authorization to amend the Port's agreement with Bay Planning Coalition for an amount not to exceed $80,000 to fund BCDC staff services necessary for BCDC amendments to implement the Waterfront Land Use Plan. (Resolution 97-90)

Mr. Osmundson indicated that the Port Commission, in January 1996, approved an agreement between the Port and BCDC to coordinate amendments to BCDC planning documents to implement the Waterfront Land Use Plan. In April 1996, the Port entered into an agreement with Bay Planning Coalition to provide funding for BCDC staff to carry out the Port's agreement with BCDC. The Port Commission approved an original amount of $49,000. Due to BCDC staffing shortage and extra time necessary to resolve issues related to the special area plan amendments, additional funding is necessary to complete the BCDC planning document amendments. Based on estimates provided by BCDC, the effort could require up to $80,000 to pay for additional staff services, graphic design and printing costs with an additional $2,400 for administrative fees for Bay Planning Coalition. The funds for this modification would come from resources previously allocated to the Waterfront Plan project. The anticipated schedule for completing negotiations to produce the BCDC planning document amendments is later this year, with final BCDC and Port Commission approval in Spring 1998.

Commissioner Lee asked if this is a continuation of what the Port has been doing in conjunction with BCDC, using their staff's time to work on the project. Mr. Osmundson concurred and added that they have hired a consultant to assist them in preparing the plan amendments.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

D. Amending Port Commission Resolution No. 97-16, related to the Downtown Ferry Terminal Project, adding provisions requested by the California Transportation Commission regarding the expenditure of $7.5 million in Proposition 116 Bond Funds. (Resolution No. 97-91)

Ms. Veronica Sanchez, Governmental Affairs Manager, indicated that the resolution before the Commission allows the Port to proceed with the application that we have at the CTC to secure Proposition 116 Funds. In the last two to three years, the Port has been involved in design, engineering and environmental studies to begin the Downtown Ferry Terminal project. One of the most significant results of that study was a recommendation that our Ferry Terminals be configured into two basins, one north of the Ferry Building and one south. This is to accommodate the additional ferry route coming into the bay. When the CTC originally awarded the Port the $8 million bond funds in 1991 and 1993, that configuration of a two-basin approach was not presented to CTC. Therefore, on October 30, 1997, the CTC will be hearing this new design concept and giving us their approval so staff can proceed to prepare the documents to get the projects closer to construction. The language before the Commission is specifically requested by CTC staff which gives them a greater assurance that the Port is committed to delivering this project and that the project is fully funded and their money would be used in a timely fashion.

Ms. Sanchez indicated that in the staff memorandum, she provided discussion of each of the points that CTC has requested and the request that we consider using Port funds to backfill a federal outstanding grant that has not cleared the bureaucracy in Washington.

Commissioner Lee inquired about the possibility of the Port receiving the $7.5 million from CTC. Ms. Sanchez replied that CTC staff has already reviewed the change in the scope of work and the money has already been allocated to this project. Ms. Sanchez indicated that any time there is a significant change in the design of the project, we have to go back to CTC for approval. Out of the $6.2 million, the only money that is not secure is the $1.4 million from the Federal Transit Administration (FTA). The FTA money takes longer to approve because it has to get certification from the Department of Labor. Commissioner Lee asked if the $1.4 million is questionable. Ms. Sanchez concurred and stated that she cannot confirm with CTC that the Port has the $1.4 million in place. Therefore, CTC requested the Port to backfill the gap. Commissioner Lee inquired if the Port is obligated to fill the entire gap or is it the Commission's discretion how much it can contribute to the project. Ms. Sanchez replied that in the event of the worst case scenario, i.e., the clearance was not received from Washington, staff will return to the Commission and provide several options such as looking at the bids. The project will be then be done by bid items. A menu of improvements will be presented to the Commission. Procedurally, the Commission would not be obligated until a resolution is presented appropriating the funds. Commissioner Lee inquired if staff is optimistic that all of the things will happen. Ms. Sanchez replied that the urgency driving this schedule is that this project has been around since early 1990s. The $1.4 million of FTA money has been around since 1984 and the City of San Francisco has not used it. Staff strongly feels that this

project has enormous seismic benefits to the region. It will provide seismically safe facility. The environmental work, design and engineering have been completed.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

E. Approval of BCDC Permit No. 10-97 for the China Basin Ballpark Project, provisions for on-site and off-site public access on Port property. (Resolution No. 97-92)

Mr. Osmundson, Director of Planning & Development, indicated that the development of the new ballpark and Pavilion Building at China Basin require a permit from BCDC. On September 18, 1997, BCDC approved Permit No. 10-97 for the ballpark project, which imposes special conditions requiring improved public access areas both within and outside of the lease area. Pursuant to BCDC Permit No. 10-97, public access areas and improvements must be made available for as long as the ballpark improvements remain. They include a PortWalk along the China Basin Channel, plazas at either end of the -- one at center field and one adjacent to the Lefty O'Doul Bridge, an arcade feature connection to the Third Street bridge, second level public access area and China Basin Park.

The Port and CBBC are required under the permit to execute and record a permanent public access dedication instrument, guaranteeing the public access areas for the life of the ballpark improvements.

Under the lease between the Port and the CBBC, the ballpark company is responsible for compliance with all BCDC permit conditions for the lease term. However, Port staff and CBBC have agreed that maintenance of China Basin Park would be maintained by CBBC for the first ten years and thereafter by the Port for the duration of the BCDC permit. The resolution before the Commission authorizes the Executive Director to enter into a permit with CBBC to allow construction of China Basin Park and to allow ongoing maintenance for the first ten-year period. The Port is a co-applicant on all BCDC permits.

Commissioner McCarthy wondered why CBBC is only responsible for the first ten years of the lease for the maintenance of the park. Mr. Osmundson replied that the parking lot lease, recently approved by the Commission, is on property inland of that shoreline park and that lease is for a period of ten years. Staff believes that in the event the lease is renewed or continued beyond the ten years, staff would like to revisit the question of maintenance responsibility. The Giants and CBBC expressed the concern that if they were not given the opportunity to continue the operation of the parking lot, they did not feel that it was appropriate for them to have the maintenance responsibility for the shoreline park. The Port's approach to the issue was that whoever and whatever user was using the inland area would be the appropriate party to deal with the maintenance obligation.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded

the motion. All of the Commissioners were in favor; the resolution was adopted.

8. FINANCE AND ADMINISTRATION

A. Authorization to issue a Request for Proposals for a consultant for Financial Advisory Services. (Resolution No. 97-87)

Mr. Ben Kutnick, Director of Finance and Administration, indicated that the item before the Commission is to Request for Proposals for Financial Advisory Services. The contract will be for two years, renewable for an additional two years at the Port's option. The purpose of the contract is to have financial advisors who are experts and specialists in municipal financing so we can call upon them on as-needed basis. This has served the Port well over the last eight years. Stephanie Downs, Finance Manager, has developed the RFP to be reviewed and approved by Legal Counsel and HRC. Financial advisory services are generally used for anything related to municipal financing such as issuing or refinancing debt, meeting and presentations to rating agencies. The Port encourages joint ventures. The goal for minority and women owned business participation is 35%.

ACTION: Commissioner Herman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

11. EXECUTIVE SESSION

At 1:55 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

A. PUBLIC EMPLOYEE EVALUATION

1) Douglas F. Wong, Executive Director

An executive session to discuss this matter is specifically authorized under California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b).

B. CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER: **THIS ITEM WAS CONTINUED TO THE NEXT MEETING**

The Commission Secretary announced that this item would be heard at the next Special Commission Meeting of October 22, 1997.

1) Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (3 cases).

C. CONFERENCE WITH REAL PROPERTY NEGOTIATOR: ***This session is closed to any non-City/Port representative.****

Property: Caltrans parcel located between King & Berry Streets and Second & Third Streets
Person Negotiating:
Port of San Francisco Representative: Douglas F. Wong, Executive Director
*Giants Representative: John Yee, Chief Financial Officer

An executive session has been calendared to discuss real property negotiations between the Port of San Francisco and the Giants regarding early closing of Caltrans site acquisition. This is specifically authorized under California Government Code Section 54956.8

At 2:55 p.m., Commissioners Hardeman, McCarthy, Lee, Herman and Brandon returned from executive session and convened in public session.

ACTION: Commissioner McCarthy reported that the Commissioners voted to approve giving Executive Director Doug Wong the ability to close the Caltrans site acquisition. Commissioner McCarthy moved approval to not disclose any other information discussed in executive session; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 2:58 p.m.

M Rivera
Commission Secretary

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NOTICE OF CANCELLATION

THE REGULAR PORT COMMISSION MEETING SCHEDULED FOR
TUESDAY, OCTOBER 28, 1997 AT 4:00 P.M.
IS HEREBY CANCELLED

♦•♦•♦•♦•♦

A SPECIAL PORT COMMISSION MEETING
IS SCHEDULED FOR

WEDNESDAY, OCTOBER 22, 1997
at 10:00 a.m.

in the Port Commission Room
Suite 3100, Ferry Building
San Francisco, CA 94111
(415) 274-0406

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SAN FRANCISCO PORT COMMISSION

SPECIAL MEETING - (PLEASE NOTE THE DATE & TIME OF THE MEETING)
WEDNESDAY, OCTOBER 22, 1997 AT 10:00 A.M.
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CALIFORNIA

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES**

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Authorization to rescind Port Commission Resolution No. 94-20, directing staff in 1994 to issue Request for Proposals for horse drawn carriage use permit at Fisherman's Wharf. (Resolution No. 97-82)

6. **FACILITIES & OPERATIONS**

   A. Approval of Second Amendment to authorize additional design work for approximately $42,215 for Professional Services Contract No. SA 3960018, "Pier 52 Architectural and Engineering Services for Public Boat Ramp and Public Access," with Arcus Architecture and Planning. (Resolution No. 97-93)

   B. Approval for additional contingency funding for Contract No. 2594, "Ferry Building Seismic Repair Stage II," in the amount of $250,000.00 (Resolution No. 97-94)

   C. Ratification of the emergency declaration to repair a portion of the back wall of the Pier 1-1/2 bulkhead building. (Resolution No. 97-86)

7. **PLANNING & DEVELOPMENT**

   A. Approval of China Ballpark Project Design based upon review of Schematic Drawings and Preliminary Construction Documents. (Resolution No. 97-89)

   B. Approval of Right of Entry Permit with City and County of San Francisco to Permit Construction of Street Improvements for the Mid-Embarcadero Surface Roadway and F-Line Project. (Resolution No. 97-95)

8. FINANCE AND ADMINISTRATION

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction, and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any questions regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

1) Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (3 cases).

B. Vote in open session on whether to disclose any or all Executive Session discussions. [S.F. Admin. Code Sec. 67.14(a)]

12. ADJOURNMENT

************************DISABILITY ACCESS*************************

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142.

There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting. Please contact Kevin Jensen at (415) 274-0555. Late requests will be honored if possible.

- American Sign Language Interpreters
- A Sound Enhancement System
- Large Print of the Agenda
- The use of a reader during the meeting
- Minutes of the Meeting in Alternative Formats

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

PORT OF SAN FRANCISCO

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Writer

MEMORANDUM

October 16, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Horse Drawn Carriage Use Permits

DIRECTOR'S RECOMMENDATION: Approve Resolution.

In February 1994, the Commission adopted Resolution No. 94-20 directing staff is to issue a request for proposals ("RFP") for the award of a horse drawn carriage use permit at Fisherman's Wharf. Following the second submission of proposals in response to an RFP issued pursuant to that resolution, in March 1995 the Port awarded a month to month use permit (the "Permit") to Waterfront Horse Carriage Service ("Waterfront").

At the time of award Waterfront was operated by Mr. Sears and Mr. Cohen. Mr. Cohen subsequently withdrew from Waterfront and in July 1995 the Port Commission approved the assignment of the Permit to Mr. Sears and Mr. Perkins.

In 1996, Mr. Jenkel, a disappointed offeror under the 1994 RFP, filed a petition in San Francisco Superior Court, seeking, among other things, an order from the Court stating that in July 1995 the Port was required to issue a new RFP for award of a use permit rather than approve the assignment of the Permit. Although that issue has not been resolved, the Judge assigned to the matter has preliminarily stated his belief that Resolution No. 94-20 required a new RFP to be issued so long as the Resolution was "on the books." To preclude any confusion in the future concerning the intent of Resolution No. 94-20, Port Staff requests the Commission approve the attached resolution rescinding Resolution No. 94-20 and explicitly stating that Resolution No. 94-20 is not to have any effect upon future action by Port Staff.

Prepared by: Fei Tsen, Director, Real Estate and Asset Management

THIS PRINT COVERS CALENDAR ITEM NO. 5A

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-82

WHEREAS, In February 1994, the Commission adopted Resolution No. 94-20 directing staff is to issue a request for proposals ("RFP") for the award of a horse drawn carriage use permit at Fisherman's Wharf; and

WHEREAS, In March 1995 the Port awarded a month to month use permit (the "Permit") to Waterfront Horse Carriage Service ("Waterfront"); and

WHEREAS, At the time of award Waterfront was operated by Mr. Sears and Mr. Cohen. Mr. Cohen subsequently withdrew from Waterfront and in July 1995 the Port Commission approved the assignment of the Permit to Mr. Sears and Mr. Perkins; and

WHEREAS, In 1996, Mr. Jenkel, a disappointed offeror under the 1994 RFP, filed a petition in San Francisco Superior Court, seeking an order from the Court stating that at the time of the assignment in July 1995 the Port was required to issue a new RFP for award of a use permit; and, therefore, be it

RESOLVED, That Resolution No. 94-20 is hereby rescinded; and be it further

RESOLVED, That Resolution No. 94-20 is not to have any effect upon future action by Port Staff.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 22, 1997.

_____
Secretary

I:\AGEND-5.DOC

CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO PORT COMMISSION

RESOLUTION NO. 94-20

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Article 3 of the Harbor Traffic Code empowers the Port Commission to regulate use of curb space for operating businesses; and

WHEREAS, permitting the use of curb space at Fisherman's Wharf for originating land excursion tours has the potential to generate significant revenue to the Port.

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to offer through a RFP process permits to operate land excursion business using curb space at Fisherman's Wharf in accordance with the terms set forth in the attached Agenda Summary Sheet as agenda item 5B.

I HEREBY CERTIFY that the foregoing resolution was approved by the San Francisco Port Commission at its meeting of February 8, 1994.

Secretary

PORT OF SAN FRANCISCO

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MEMORANDUM

October 16, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Second Amendment to the Professional Services Contract for the "Design of Pier 52 Public Boat Ramp, Bait Shop and Cafe, and Public Access"

DIRECTOR'S RECOMMENDATION: APPROVAL OF A SECOND AMENDMENT, AUTHORIZING ADDITIONAL DESIGN SERVICES UNDER PROFESSIONAL SERVICES CONTRACT NO. SA3960018, "PIER 52 PUBLIC BOAT RAMP, BAIT SHOP & CAFE, AND PUBLIC ACCESS," WITH ARCUS ARCHITECTURE & PLANNING.

On November 15, 1995, the Port contracted with Arcus Architecture & Planning "Arcus" to provide professional architectural and engineering services for the design of the Pier 52 Public Boat Ramp, Bait Shop & Café, and Public Access Project. On October 8, 1996, the Port Commission approved key project elements for final design of this project including:

- A double lane boat ramp and maneuvering area;
- A disability accessible gangway with guest dock;
- A café and dining deck;
- Public access and landscape improvements throughout the site; and
- A 20 space trailer boat parking lot

THIS PRINT COVERS CALENDAR ITEM NO. **6A**

On April 22, 1997, the Port Commission approved the first amendment to the Arcus contract to provide additional program components, studies and estimates. These changes were required due to direction from the Port Commission, the Department of Public Work's Disability Access Coordinator, Port appointed Design Advisors, and the Citizen's Advisory. These additional items included:

1. A disability accessible gangway and guest dock;
2. A new pile-supported double lane launch ramp;
3. A 20 space boat trailer parking lot;
4. A boat wash facility;
5. The Parking Lot Geotechnical studies;
6. The unforeseen difficulty in soil boring data collection;
7. Boat hoist alternatives;
8. Boat storage requirements;
9. A fish cleaning facility;
10. The maneuvering area at the top of the boat ramp;
11. Boat trailer parking alternatives; and
12. An expanded site drainage analysis study.

On April 22, 1997, the Planning and Development department presented an informational briefing to the Port Commission on the Pier 52 project, and recommended the construction of the café and dining deck be delayed until a later date. Staff's recommendation was based on the following factors:

1. Due to the recommendation that the double lane launch ramp be supported on piles instead of fill, the construction cost estimate for the launch ramp increased. Therefore, the current amount of funding to construct the project was not sufficient. Deferral of the café and dining deck to a future phase would bring the project within the Port's current budget constraints.

2. Although a concentrated effort was made to design the structure to meet the needs of a typical restaurant operator, staff believed that the eventual restaurant operator should be involved in the final design of the building. Staff proposed that an operator should be selected prior to the construction of the café, to ensure that it would meet the specific needs of the tenant.

3. The current demand for a new café facility at this location is uncertain; however, the proposed developments of the new ballpark and Mission Bay should increase the potential for a café dramatically.

Since April, during the Detailed Design Phase, several changes to Arcus' scope of work were required due to Catellus' development plans for their adjoining property, and the China Basin Ballpark Environmental Impact Report which recommends four lanes of roadway along Terry A. Francois Blvd. to accommodate ingress and egress to the parking lots south of China Basin Channel. In addition, BCDC, as a condition to both the Port's relocation of the maintenance facility to Pier 50 and the Ballpark permits, has required bike lanes along the length of Terry A. Francois Blvd. Finally, as a condition of the Ballpark permit, BCDC has required the roadway design include a sidewalk fifteen feet in width on the Bay side of Terry A. Francois Blvd. Therefore, the current design for the Pier 52 project will have to be revised to accommodate these recent developments. A summary of these revisions include:

1. Redesign of the parking lot to fit within the new Catellus grid block alignment.

2. Design for a widened the Terry A. Francois Blvd. roadway section to accommodate:

    a. four eleven feet wide traffic lanes per the Ballpark EIR;
    b. two four feet bike lanes per BCDC; and
    c. a fifteen feet wide sidewalk per BCDC.

    These changes will result in a total striped and paved roadway width of fifty-two feet. The current alignment includes only three lanes of traffic, and no bike lanes.

3. Additional landscape and public access improvements at the site where the café and dining deck was originally proposed.

4. Due to the delay in the construction of the café, a public restroom facility with minimal maintenance is preferable. Thus, staff has recommended that the final design documents include utility connections for a possible JC Decaux facility.

To accomplish the four project program components listed above it is necessary to amend Arcus' contract scope of services, extend the completion date, and increase Arcus' compensation. Staff seeks the Commission's approval to increase the amount of compensation in the current design services contract from $322,337 to $364,552. This increases Arcus' contract by an additional $42,215 for the additional services required to complete Phase II - Detailed Design. In addition, the consultant's completion date should be extended to August 31, 1998.

The current funding sources includes:

Port of San Francisco	$1,400,000
Cal Boating Grant for the Boat Launch	$ 295,000
Cal Boating Grant for the Parking Lot	$ 198,000
TOTAL FUNDING	$1,893,000

The current project cost breakdown including contingencies is estimated as follows:

Pile-Supported Double Lane Boat Launch with Boarding Float	$ 642,000
Disability Accessible Gangway and guest dock	$ 148,000
20 Space Trailer Boat Parking Lot	$ 198,000
New Shoreline Protection and removal of old Dock and derelict boat ramp	$ 178,000
Public Access and Landscape improvements	$ 354,000
Consulting Services	$ 364,552
TOTAL COST ESTIMATE	$1,884,552

Prepared by: Cliff Jarrard
Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-93

WHEREAS, the Port Commission previously awarded a contract to Arcus Architecture & Planning for the design of the Pier 52 Public Boat Ramp, Bait Shop & Cafe, and Public Access Project; and

WHEREAS, it is necessary to amend Arcus' scope of services to include additional services for the redesign of a 20 space boat trailer parking lot, wider roadway section, additional landscape improvements; and

WHEREAS, Arcus Architecture & Planning will prepare the necessary construction and bid documents for the Port to solicit bids; and

WHEREAS, Arcus Architecture & Planning's contract will also be amended to extend the current contract duration and provide additional scope of services; therefore be it

RESOLVED, the San Francisco Port Commission hereby approves the Second Amendment to the Arcus Architecture & Planning Professional Services Contract No. 3960018, "Pier 52 Public Boat Ramp, and Public Access Project," for additional services for $42,215.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 22, 1997.

_____
Secretary

PORT OF SAN FRANCISCO

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MEMORANDUM

October 16, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Construction Contract No. 2594, "Ferry Building Seismic Repair Stage II," authorization of staff to issue possible future additional contract modifications

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ISSUE POSSIBLE FUTURE ADDITIONAL CONTRACT MODIFICATIONS UP TO $250,000 TO CONTRACT NO. 2594, "FERRY BUILDING SEISMIC REPAIR STAGE II," WITH CICO-R&W, A JOINT VENTURE

On September 24, 1996, through Resolution No. 96-100, the Commission authorized staff to award Construction Contract No. 2594, "Ferry Building Seismic Repair Stage II," to CICO-R&W, a Joint Venture, at a cost of $1,897,518, and to authorize a 10% contingency for possible Type 1 contract modifications. The work consists of performing the following tasks: Construct concrete shear walls in specific locations on the three floors of the southern portion of the Ferry Building, perform hazardous materials abatement in the areas affected by the renovation work, and perform disability accessible upgrades as required by the governing codes.

The Port has issued change orders to address extra work, including relocating utilities discovered during demolition, performing additional hazardous materials abatement work, and adjusting shearwall construction around hidden structural conditions. These changes have been for work clearly not included in the original contract documents. Staff has also denied the contractor's requests for numerous other change orders for work staff believes is covered by the contract requirements.

THIS PRINT COVERS CALENDAR ITEM NO. 6B

The contract is approximately 60% complete and staff has issued change orders totaling nearly $178,000. This is approaching the original 10% contingency of $189,752 which was authorized by the Commission. Therefore staff is requesting $250,000 to replenish the original contingency budget, set aside for future contract modifications, if necessary. It is anticipated that FEMA and OES will fund all contract modifications.

Prepared by: Cliff Jarrard
Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-94

WHEREAS, upon award of Contract 2594, "Ferry Building Seismic Repair Stage II," to CICO-R&W, a Joint Venture, the Commission authorized a 10% contingency of $189,752 for possible future contract modifications; and

WHEREAS, the contract is approximately 60% complete and staff has authorized the contractor to perform additional work worth approximately $178,000, which is approaching the original 10% contingency which was authorized by the Commission; and

WHEREAS, staff needs additional monies to replenish the original contingency fund,

WHEREAS, it is anticipated that FEMA/OES will fund nearly all of the contract modifications; and

WHEREAS, staff will need authority to issue future contract modifications; therefore be it

RESOLVED, that the Commission authorize staff to issue possible future additional contract modifications up to $250,000 to Contract No. 2594, "Ferry Building Seismic Repair Stage II," with CICO-R&W, a Joint Venture.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 22, 1997.

_____
Secretary

I:\wp51\agd- 2594.jr

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MEMORANDUM

October 16, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Pier 1-1/2 bulkhead building, approving a Declaration of Emergency to retain outside architectural and engineering assistance to design the repairs for a collapsed wall and a contractor to perform the subsequent repair

DIRECTOR'S RECOMMENDATION: APPROVE THE DECLARATION OF AN EMERGENCY TO ALLOW RETENTION OF OUTSIDE ASSISTANCE TO REPAIR THE COLLAPSED WALL AT THE PIER 1-1/2 BULKHEAD BUILDING

On August 26, 1997, a section of exterior plaster wall, approximately 20 feet long by 19 feet high, located on the waterside second floor of the Pier 1½ Bulkhead Building came loose from the supporting timber wall framing and fell off the wall to the second story roof. Port maintenance performed the required demolition and removal of the fallen plaster section. Port maintenance also installed a temporary water-resistant plastic membrane over the exposed wall area.

Port staff inspected the damaged exterior wall and determined that additional wall plaster was damaged to the point of creating an unsafe condition, which requires demolition and emergency repair, or evacuation of the premises. The unsafe wall conditions were located adjacent to, and on both sides of, the fallen wall section. Unsafe wall plaster conditions were established by a significant amount of plaster cracking and protrusion of the plaster from the wall framing creating a bulging effect out of the plan of the wall. In total, Port staff determined that approximately 280 lineal feet of wall approximately 19 feet high requires emergency replacement. The emergency repair extends from just north of the Pier 1 shed roof monitor to the north wall of the Pier 3 shed roof monitor on the easternly side of the building.

THIS PRINT COVERS CALENDAR ITEM NO. **6C**

The plaster wall damage was caused by water penetrating through cracks in the plaster wall at windows and other locations, and water infiltrating the plaster wall section and the wood framing from the roof and the upper parapet wall-flashing cap. Water penetration into the plaster damaged the plaster and corroded the reinforcing mesh. Corrosion caused the reinforcing mesh to expand further damaging and cracking the plaster. Water infiltration behind the plaster damaged the plaster wall fasteners by rusting and reducing their holding capacity to the wood framing. Moisture penetrating the wall wood framing caused swelling and shrinkage of the framing further reducing the capacity of the plaster to wall connections. Loss of strength in the plaster and the plastered wall connections to the framing caused the cracking, bulging and the partial collapse of the wall plaster.

Port staff estimated the repair cost at $240,000, which includes $35,000 for A&E services and $205,000 for construction. Since this condition affected the Port's current tenants and future income potential, a decision was made to act swiftly to repair the wall.

The following is a list of tenant spaces at Pier 1½:

Tenant	Perimeter (sq. ft.)	Annual Rental
Existing Leases		
American Merchant Marine Library	828	$ 598.68
E.G. Hirsch	2,054	$ 33,280.20
Kenzo Honda	859	$ 12,994.32
Monarch Records	683	$ 9,710.28
Leon Sugerman Associates	1,685	$ 23,017.56
Turnbull	3,311	$40,923.24
Sub-total	9,420	$120,524.28
Vacant Space (Lease for signature)	6,752	$130,000.00
Total	16,172	$250,524.28

The above reflects the rents for the existing leases and a lease under negotiation for Pier 1½. A comprehensive market survey is being conducted to determine the current market rents for Port facilities, including Pier 1½, and it is likely that this will result in increases in the above rents.

The Port Commission recently approved $2 million in Port funds, as part of a $3.5 million project, to repair the marginal wharf from Pier 1½ to Pier 5. DPW's Embarcadero Roadway project will fund the additional $1.5 million. Pier 1½ portion of the work is estimated to cost $400,000 in Port funds. This repair is needed to maintain the structural integrity of the 80 year old marginal wharf that supports the bulkhead buildings.

Based on potential and existing income, the payback period for the wall repair is less then one year. Port staff believes that repairing the wall at Pier 1½ is a worth while investment. The complete repair will extent the life of the bulkhead building, eliminate the current liability caused by the unsafe condition, and preserve the revenue stream generated by the rental of space at Pier 1½.

It is Port policy as adopted by the Port Commission in the Waterfront Land Use Plan Design & Access element, Bulkhead Buildings at Piers 1-5 are to be preserved, rehabilitated and adaptively reused consistent with the Secretary of Interior's Standards for Rehabilitation. The historic character defining elements of the bulkhead buildings are generally considered to be the structural framing and "City Beautiful" facades visible from street and promenade. The proposed repair will preserve the integrity of the bulkhead building.

Architectural and engineering ("A & E") services are required to provide a repair design and a contractor is required to perform the repair. The Port does not have the in-house architectural and engineering or maintenance staff resources necessary for the required work. Additional details are shown in the attached memo.

Funds for the emergency A & E services and construction contracts, estimated to cost a total of $240,000.00, are available in the Port's Operating Fund.

It is requested that an additional 10% in contingencies must be available for the construction contract for possible Type 1 contract modifications.

Prepared by: Cliff Jarrard, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **97-86**

WHEREAS, a portion of the back wall of the Pier 1-1/2 bulkhead building has collapsed creating a hazard to the public; and

WHEREAS, Port maintenance staff has removed the debris and barricaded the area to prevent tenant access into the unsafe area; and

WHEREAS, a permanent repair is required to eliminate the danger of the collapsed wall and to restore the area for tenant use; and

WHEREAS, architectural and engineering ("A & E") services are required to provide a repair design and a contractor is required to perform the repair; and

WHEREAS, the Port has neither in-house architectural and engineering resources available to perform the design nor the maintenance staff for the required construction work; and

WHEREAS, funds for these emergency A & E services and emergency construction contract, estimated to cost a total of $240,000.00, are available in the Port's Operating Fund; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby ratifies the action of the Vice President of the Commission contained in the letter to the Controller dated September 29, 1997; and be it further

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to obtain A & E services on an emergency basis; authorizes staff to issue a construction contract for repair of the wall; authorizes 10% in contingency funds for the construction contract for possible Type 1 contract modifications; and authorizes the Executive Director to accept the work upon final completion of the construction contract.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 22, 1997.

_____
Secretary

PORT OF SAN FRANCISCO

Ferry Building
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Writer

September 29, 1997

Mr. Ed Harrington
City Controller
875 Stevenson Street
San Francisco, CA 94103

SUBJECT: Declaration of Emergency, Pier 1 1/2 building wall

Dear Mr. Harrington:

A portion of the back wall of the Pier 1 1/2 bulkhead building wall has collapsed creating a hazard to the public. Port Maintenance staff has removed the debris and barricaded the area to prevent tenant access into the unsafe area. A permanent repair is required to eliminate the danger of the collapsed wall and to restore the area for tenant use. Architectural and engineering ("A & E") services are required to provide a repair design and a contractor is required to perform the repair. The Port has neither in-house architectural and engineering resources currently available to perform the design nor the maintenance staff for the required construction work.

Funds for the emergency A & E services and emergency construction contract, estimated to cost a total of $240,000, are available in the Port's Operating Fund.

A resolution declaring the existence of this emergency will be presented to the Port Commission at its next meeting.

Sincerely yours,

DENISE McCARTHY
Vice President, Port Commission

Recommended by:

DOUGLAS F. WONG
Executive Director

PORT OF SAN FRANCISCO

MEMORANDUM

October 17, 1997

Ferry Building
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TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Pacific Bell Ballpark Project Design based upon review of Schematic Drawings and Preliminary Construction Documents.

DIRECTOR'S RECOMMENDATION: APPROVE PACIFIC BELL BALLPARK PROJECT DESIGN, SUBJECT TO SPECIFIC CONDITIONS AS RECOMMENDED.

Summary

Section 6.12 of the August 15, 1997 Lease Disposition and Development Agreement ("DDA") between the Port and the China Basin Ballpark Company LLC ("CBBC") for the new ballpark requires the Port Commission to review and approve the project design. Staff has reviewed the proposed Schematic Drawings and Preliminary Construction Documents, as defined by the DDA and submitted by CBBC, in accordance with the Port's development standards and design criteria for the site. Staff considers the design of the project to be consistent with such criteria as described below. For this reason, staff recommends approval of the ballpark project design as reflected in the Schematic Drawings and Preliminary Construction Documents.

General Description of the Project

The project involves constructing a baseball stadium on an approximately 13-acre site bordered by King Street, Second Street, China Basin Channel and Third Street in accordance with the Scope of Development annexed to the DDA. The grandstands rise to approximately 130 feet along King Street with light standards rising to approximately 175 feet. Approximately 20% of the site is devoted to public access areas, including a "PortWalk" along China Basin Channel as envisioned in the Port's *Waterfront Land Use Plan* (970 linear feet of shoreline access), public plazas at each end of the PortWalk, and a

THIS PRINT COVERS CALENDAR ITEM NO. 7A

Bay-oriented, open air cafe and seating area at the southeast corner of the ballpark on a second level. In connection with the BCDC permit for the project, CBBC has also agreed to improve as public open space approximately two acres of Port property outside of the Lease Area along the southern shoreline of China Basin Channel (see Public Access in Plan View Exhibits A, B and C, attached).

An approximately four story, Pavilion building of up to 136,000 square feet is proposed on a separate foundation adjacent to the ballpark fronting on Third Street. This building is intended to accommodate ground level retail commercial uses, a PacBell Children's Learning Center, and the Giant's administrative offices. However, CBBC has not submitted the Preliminary Construction Documents to the Port for this building. The final program for the building continues to be evaluated and the final size of the building may or may not be substantially reduced from that originally proposed. As discussed below, the Port Commission will consider the Pavilion building design separately, once the Schematic Drawings and Preliminary Construction Documents for the building have been submitted and evaluated by Port staff.

Background

CBBC presented initial design drawings to members of the Port of San Francisco staff more than a year ago. An interagency design review group was formed at that time, including representatives from the City Planning Department, the Redevelopment Agency, the Port and the San Francisco Bay Conservation and Development Commission ("BCDC"). The Port's design advisors (John Kriken and Michael Smiley) provided comments on the design during the initial phases of the project. The interagency group continued to work with CBBC's architects to shape the project design in a manner that addressed the issues concerning each agency. The Schematic Drawings and Preliminary Construction Documents reflect the many changes that have been made to the project design as a result of this interagency review process.

The ballpark design has also been influenced by public comments offered during the public hearings and meetings leading up to the approval of the project. (The project has been approved by the Port Commission as well as the Planning Commission, Board of Supervisors, Redevelopment Agency and BCDC). For example, concerns by residents of South Beach regarding the visibility of the scoreboard resulted in relocation of the scoreboard 54 feet toward the infield. Comments regarding the amount and location of public access area resulted in about 2 acres of public access space provided on both sides of China Basin Channel, essentially doubling the amount of improved public access area provided by the project from CBBC's original proposal.

Consistency with Port Design Objectives and Criteria

The *Waterfront Land Use Plan*, including the *Design & Access Element* of that Plan,

contains development standards and design criteria for the proposed ballpark site. The DDA contains general design objectives and development standards for the Project. Port staff has evaluated CBBC's Schematic Drawings and Preliminary Construction Documents using these design criteria and consider the project to be consistent with these guidelines. The primary design features of the ballpark that satisfy the Port's objectives for this development site (see Exhibits, attached) include the following:

- **Take advantage of Bay views**. The ballpark has been designed to take maximum advantage of water views by keeping the outfield bleachers to a single level. The main concourse is continuous around the playing field and becomes an open air, elevated promenade in the outfield, allowing views into the ballpark, the Bay and South Beach Harbor. This second level promenade has almost 800 lineal feet of water frontage. In addition, the Bay Bridge and portions of the City skyline are also visible from within the ballpark. The public access areas along China Basin Channel and at the outdoor cafe on the concourse level will provide exceptional Bay views.

- **Waterfront Identity**. Design features have been incorporated into the project which convey a waterfront identity to the site as viewed from Second Street. The building fabric as viewed from Second Street is red brick, a material that is evocative of the historic warehouse structures found along the waterfront elsewhere in the City, at the foot of Telegraph Hill and the Fisherman's Wharf area (i.e. the Cannery and Ghiradelli Square). The terminus of Second Street includes a clock tower, and a similar tower is located at the corner of Third and King Streets providing balance to the design. A flagpole will be placed atop each tower (similar to the Ferry Building flagpole) so that flags promoting waterfront activities, such as Fleet Week, can be displayed throughout the year.

- **Continuous PortWalk between South Beach Harbor and Third Street**. The project includes approximately 2,400 square feet of new, pile supported concrete deck to span a gap between Pier 46B and South Beach Harbor, providing a continuous waterfront walkway along the Harbor and the Channel. The PortWalk design includes a number of features that invite movement and activity along this 970-foot shoreline walkway. A series of bayward-extending belvederes (overlooks) provide seating areas and vistas oriented toward the Bay. An approximately 230-foot length of the PortWalk opens onto an arcade with views directly onto the playing field, a unique feature that is expected to be of great interest to waterfront visitors. Retail concessions will further activate a portion of the PortWalk.

- **Appearance from South Beach Harbor and Park**. The back of the scoreboard faces South Beach Marina and provides an opportunity to contribute to this maritime setting. At least six flagpoles will be provided on the back of the

scoreboard from which nautical or other flags relevant to South Beach Harbor activities may be flown. The northeast elevation of the ballpark faces South Beach Park. A wall has been incorporated into this elevation design to screen the service delivery and parking areas from the park and to integrate other mechanical elements into the architectural design. If the Redevelopment Agency constructs an elevated parking garage between the existing park and the ballpark, the northeast elevation will be completely screened from the Park. If the Agency constructs a surface parking lot, landscape cutouts will be provided within the sidewalk alongside this building elevation so that ivy or another landscape treatment can be planted to further enhance the appearance of this elevation. In addition, the Agency's surface parking lot design includes landscape screening along the property line adjacent to the ballpark.

Pavilion Building Design

The Schematic Drawings and Preliminary Construction Documents reviewed by the Port Commission do not include plans for the Pavilion building, therefore, this approval is only for the ballpark design itself. Preliminary Construction Documents for the Pavilion building will be submitted for the Port Commission's consideration prior to any construction of that building. The final program and design of the Pavilion building are not known and it is possible that the building size could be anywhere between 55,000 and 136,000 square feet. To ensure that the design of the Pavilion building is integrated with the design of the ballpark, and that the design is consistent with the strong, simple architectural forms characteristic of the waterfront, the following design parameters are suggested for the Pavilion building:

- The edge of the Pavilion building should be held along Third Street generally as depicted in the Schematic Drawings for the ballpark.

- A constant second story cornice line on the Pavilion building along Third Street and as it turns the corner toward the ballpark on Willie Mays Plaza is encouraged.

- The north facing wall of the Pavilion building (fronting Willie Mays Plaza) should align with or extend beyond the line of the ballpark ramp structure.

- Some exposure of the ramp structure within the ballpark above the second level of the Pavilion building is acceptable. However, it is the intent of this guideline that the visual impact of the ramp structure be minimized.

- If the size of the Pavilion building is scaled down, consideration should be given to shifting the building footprint toward the north and enlarging Lefty O'Doul Plaza, one of the primary waterside public access areas.

- As called for in the *Design & Access Element* of the Waterfront Plan, the Pavilion building should complement the Third Street Bridge, a City landmark.

- Cladding the Pavilion building differently from the ballpark should be considered in the final design of the building. This may serve to integrate the scale and character of the overall development with the surrounding neighborhood.

Approval of Ballpark Design

It is recommended that the Schematic Drawings and Preliminary Construction Documents for the ballpark project be approved provided that the following conditions are satisfied by CBBC prior to the Port's issuance of the General Building Permit for the ballpark:

Activation of King Street Frontage. A series of 3 to 5 display windows along King Street, which would be an ongoing source of interest for pedestrians, shall be added to the King Street frontage of the building. CBBC will continuing to evaluate alternative strategies to enliven the King Street frontage of the ballpark including the possibility of incorporating 3 to 5 shallow, retail "kiosks" into the Ballpark facade along King Street in the area between Second Street and the Muni Metro loading platform in lieu of the display windows. Visual identities for these kiosks could be provided with canopies or comparable architectural treatment to provide color and activity to the street frontage. However, it is unclear whether these spaces can be economically developed, and whether, given the shallow depth, the spaces would be leasable if developed. The final design solution will be incorporated into the final construction documents by CBBC, for review and approval by the Port Executive Director.

Lighting. Final construction plans will be reviewed by the Port Executive Director to ensure that lighting along the PortWalk and within the center field plaza enhances pedestrian access and security at night within the project and between the project site and South Beach Park. Also, final construction plans will be prepared by CBBC and reviewed by the Port Executive Director to provide more information to determine whether east-facing signing lighting will cause glare for nearby residences.

Design. If the size of the Pavilion building is reduced and, as a result, a portion of the ramp structure is exposed, the cladding of any exposed portion of the ramp structure should be integral to the overall ballpark design to minimize the visual impact of the ramp structure.

Prepared by: Paul Osmundson, Director, Planning & Development Division

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-89

WHEREAS, On July 16, 1997, the Port Commission, by Resolution No. 97-53 adopted California Environmental Quality Act ("CEQA") findings related to the ballpark project, and on July 22, 1997, by Resolution Nos. 97-54, 97-55, 97-56, 97-57 and 97-58, approved a Lease Disposition and Development Agreement ("DDA"), a Ground Lease, and a Non-Relocation Agreement and Guaranty, and a Purchase and Sale Agreement with Caltrans (collectively, "Transaction Documents") between the Port and The China Basin Ballpark Company LLC ("CBBC") to allow development of the ballpark project at the China Basin location; and,

WHEREAS, On June 26, 1997, the City Planning Commission, by Resolution No. 14398, and the Redevelopment Agency Commission, by Resolution No. 97-97, certified the Final Environmental Impact Report for the ballpark project ("FEIR") as accurate, adequate and objective and in compliance with the CEQA and the CEQA Guidelines; and,

WHEREAS, This Port Commission has reviewed and considered the information contained in the FEIR; and,

WHEREAS, For purposes of compliance with CEQA, the Port Commission, by Resolution No. 97-53, has adopted findings with respect to the FEIR as required by CEQA, which findings are on file with the Port Commission Secretary for File No. 97-53, which findings are incorporated herein by this reference as though such findings were fully set forth in this resolution; and,

WHEREAS, Section 6.12 of the DDA requires the Port Commission, acting at a public meeting, to review and approve design after submittal of Schematic Drawings and Preliminary Construction Documents; and,

WHEREAS, the Waterfront Land Use Plan, including its Design & Access Element provide development standards and design criteria for the project site; and,

WHEREAS, the "Scope of Development" within the DDA provides general design objectives and development standards for the project; and,

WHEREAS, Port Commission has reviewed the Schematic Drawings and Preliminary Construction Documents for the ballpark in accordance with the abovementioned design and development standards; therefore be it

RESOLVED, that based upon the Port Commission's review of the FEIR, the Port Commission hereby finds that : (1) modifications incorporated into the Project will not require important revisions to the FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; (2) no substantial changes have occurred with respect to the circumstances under which the Project is undertaken which would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR; and (3) no new information of substantial importance to the Project has become available which would indicate: (a) the Project will have significant effects not discussed in the FEIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the FEIR would substantially reduce one or more significant effects on the environment; and, be it further;

RESOLVED, that the ballpark design incorporated in the Schematic Drawings and Preliminary Construction Documents for the project reviewed by the Port are consistent with the Port's development objectives and design criteria for the site, as described above; and, be it further

RESOLVED, that the Schematic Drawings and Preliminary Construction Documents for the ballpark project are hereby approved; and, be it further

RESOLVED, the design of the Pavilion building itself shall be subject to review and approval of the Port Commission upon submission of Schematic Drawings and Preliminary Construction Documents for that building.

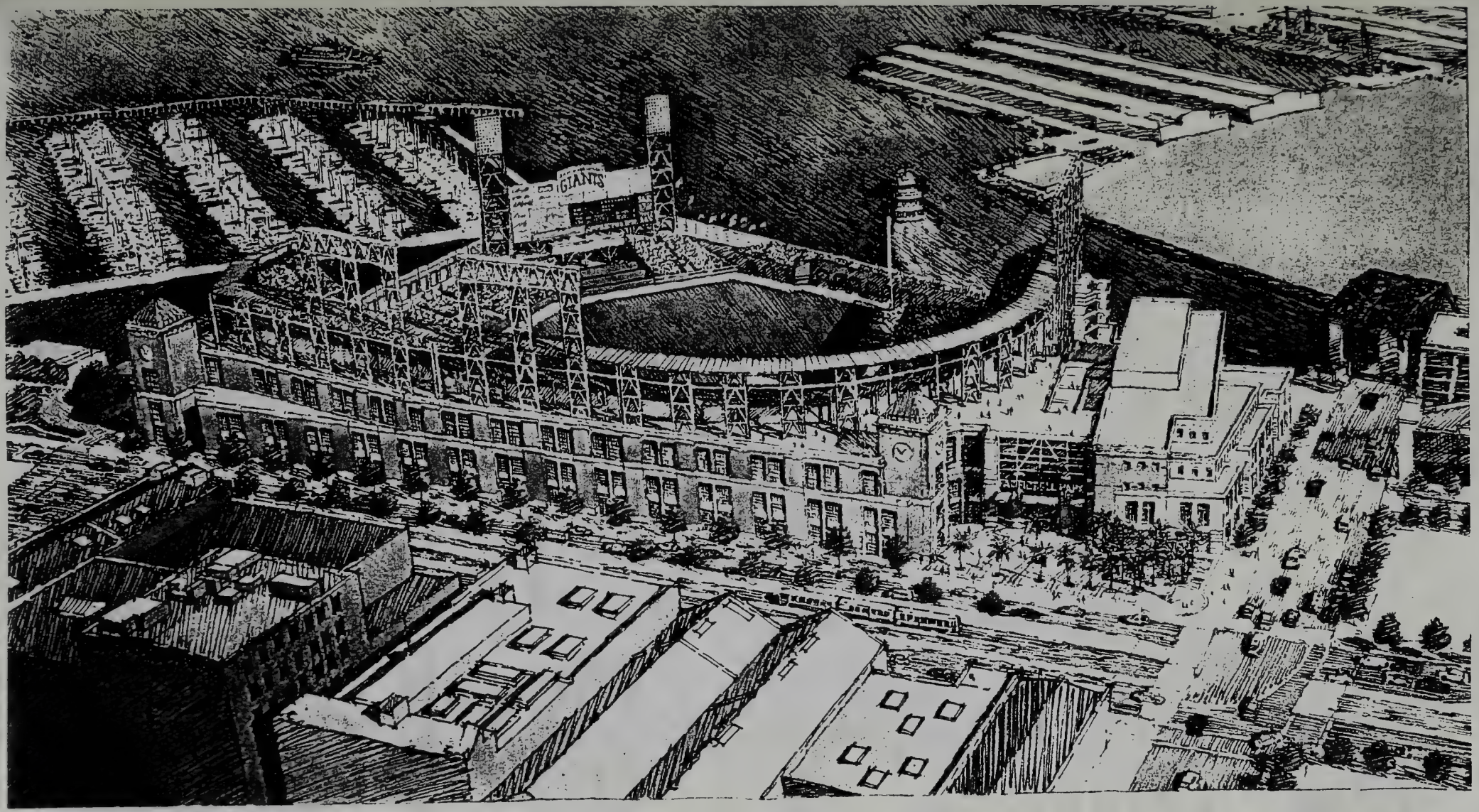
I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 22, 1997.

_____
Secretary

BALLPARK DESIGN

Selected Elevations and Renderings

Exhibits 1 - 9

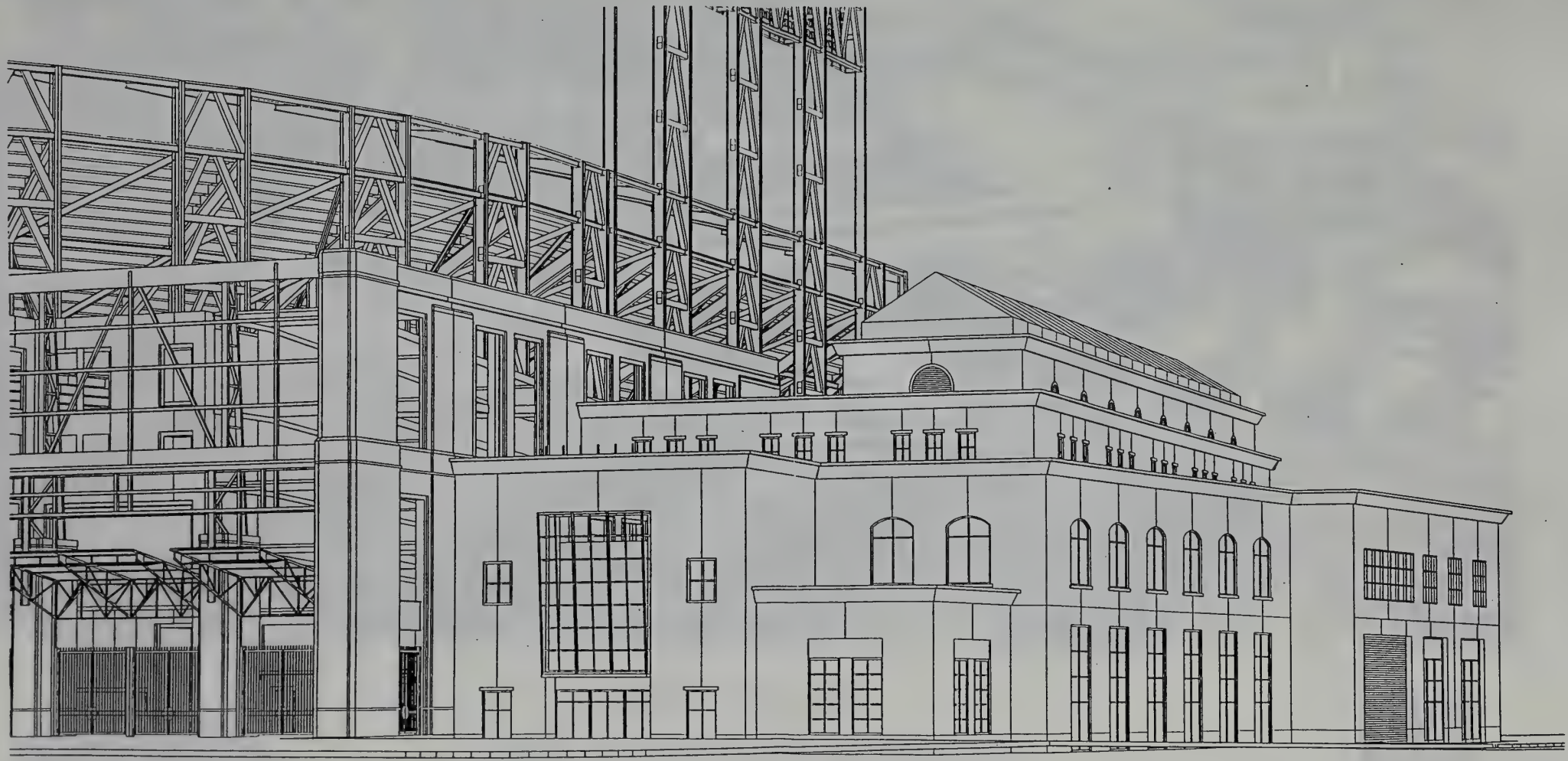


PACIFIC BELL PARK
AERIAL VIEW FROM 3RD AND KING STREETS
JUNE 1997

PACIFIC BELL PARK
SAN FRANCISCO GIANTS

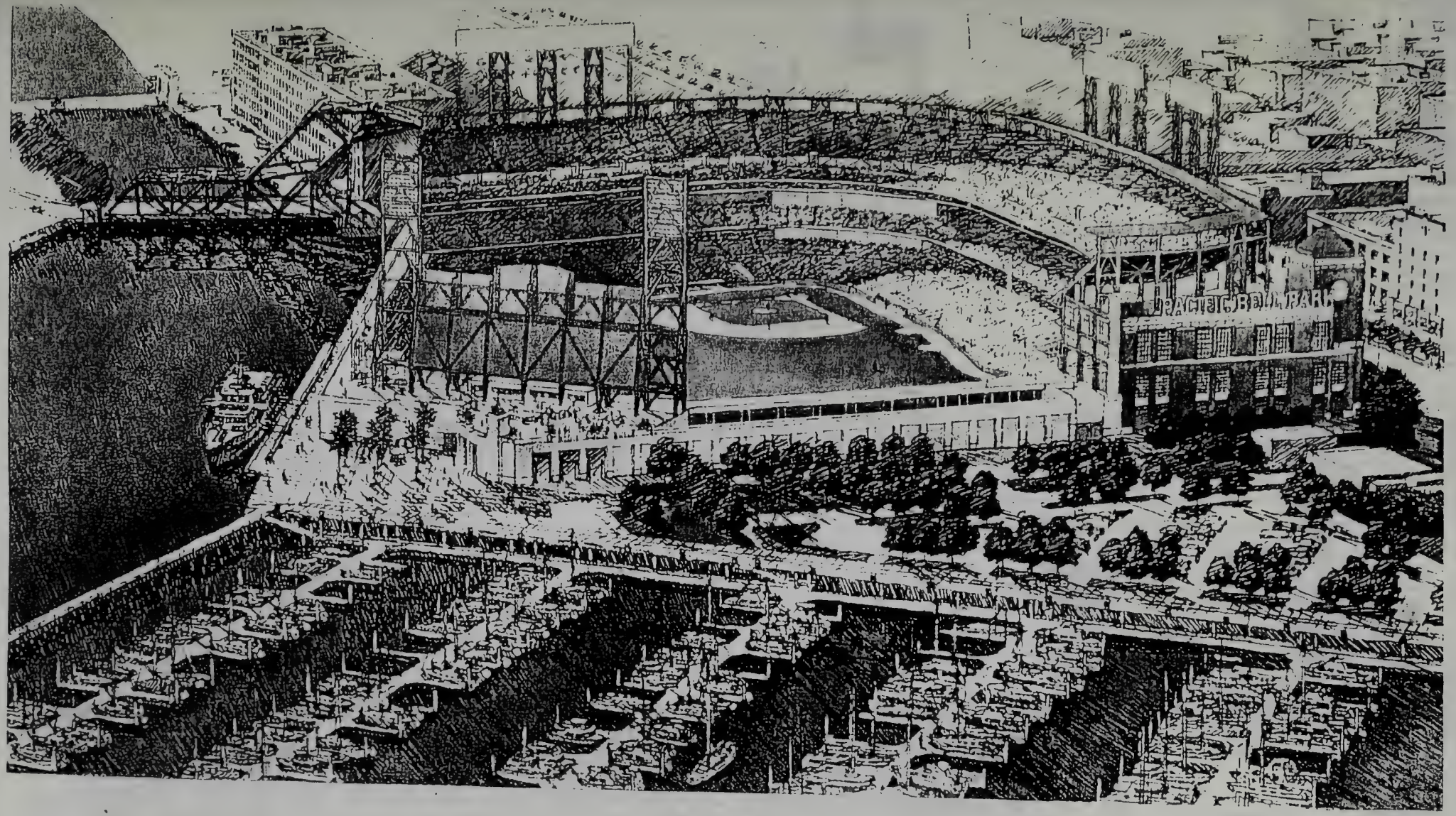
HOK SPORT

EXHIBIT 1



PAVILION BUILDING ALTERNATIVE STUDY

EXHIBIT 2



PACIFIC BELL PARK

AERIAL VIEW FROM SOUTH BEACH MARINA

JUNE 1997

HOK SPORT

EXHIBIT 3

FOR REFERENCE ONLY - NOT FOR CONSTRUCTION

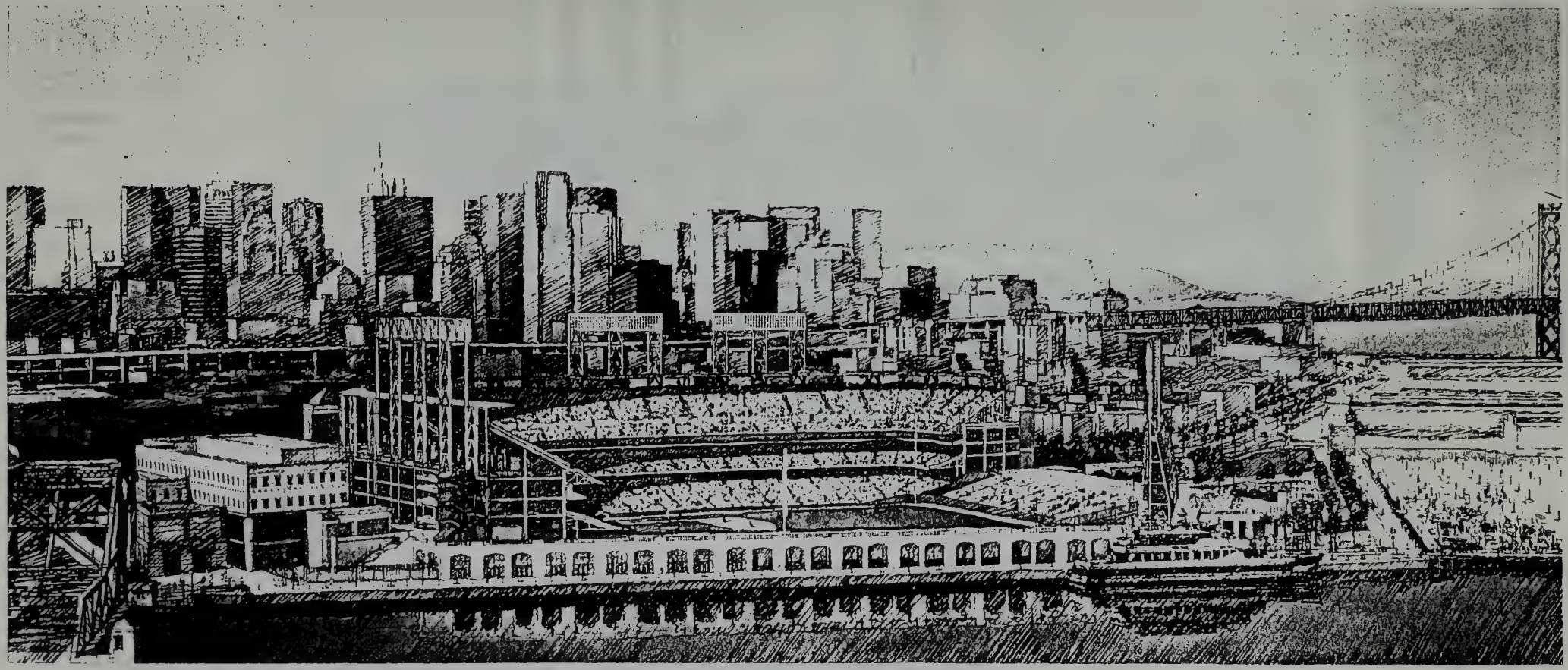
PACIFIC BELL PARK
Home of the
San Francisco Giants

A.5-1.3

(A) SECOND STREET/EAST ELEVATION

(B) SECOND STREET/ EAST ELEVATION

EXHIBIT 4



PACIFIC BELL PARK

AERIAL VIEW FROM ACROSS CHINA BASIN

JUNE 1997

EXHIBIT 5

PACIFIC BELL PARK
Home of the
San Francisco Giants

FOR REFERENCE ONLY - NOT FOR CONSTRUCTION

PORTWALK / SOUTH ELEVATION

A.5-1.4

(A) PORTWALK / SOUTH ELEVATION (CONTINUED)

(B) PORTWALK / SOUTH ELEVATION

EXHIBIT 6

8/20/97

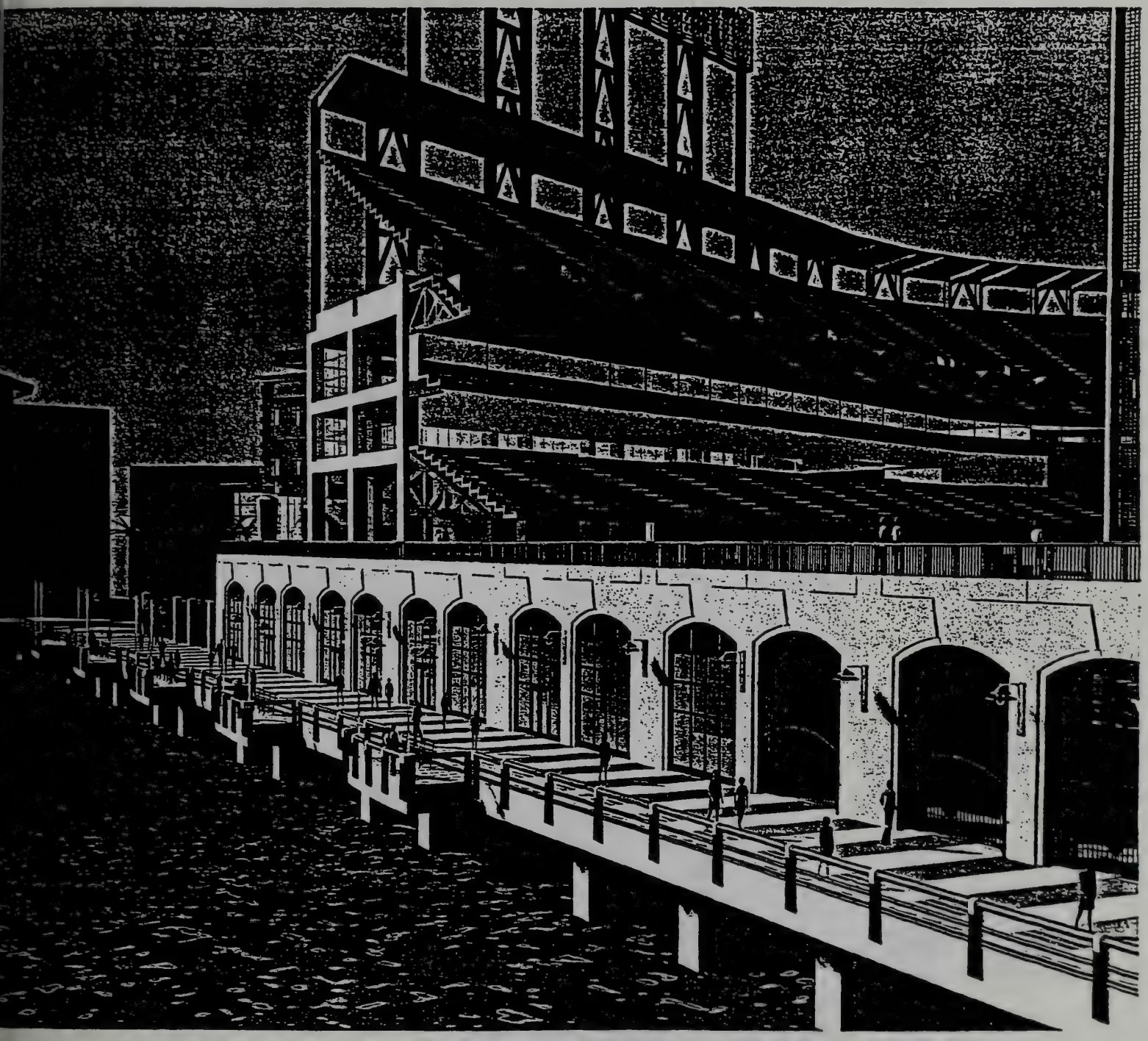
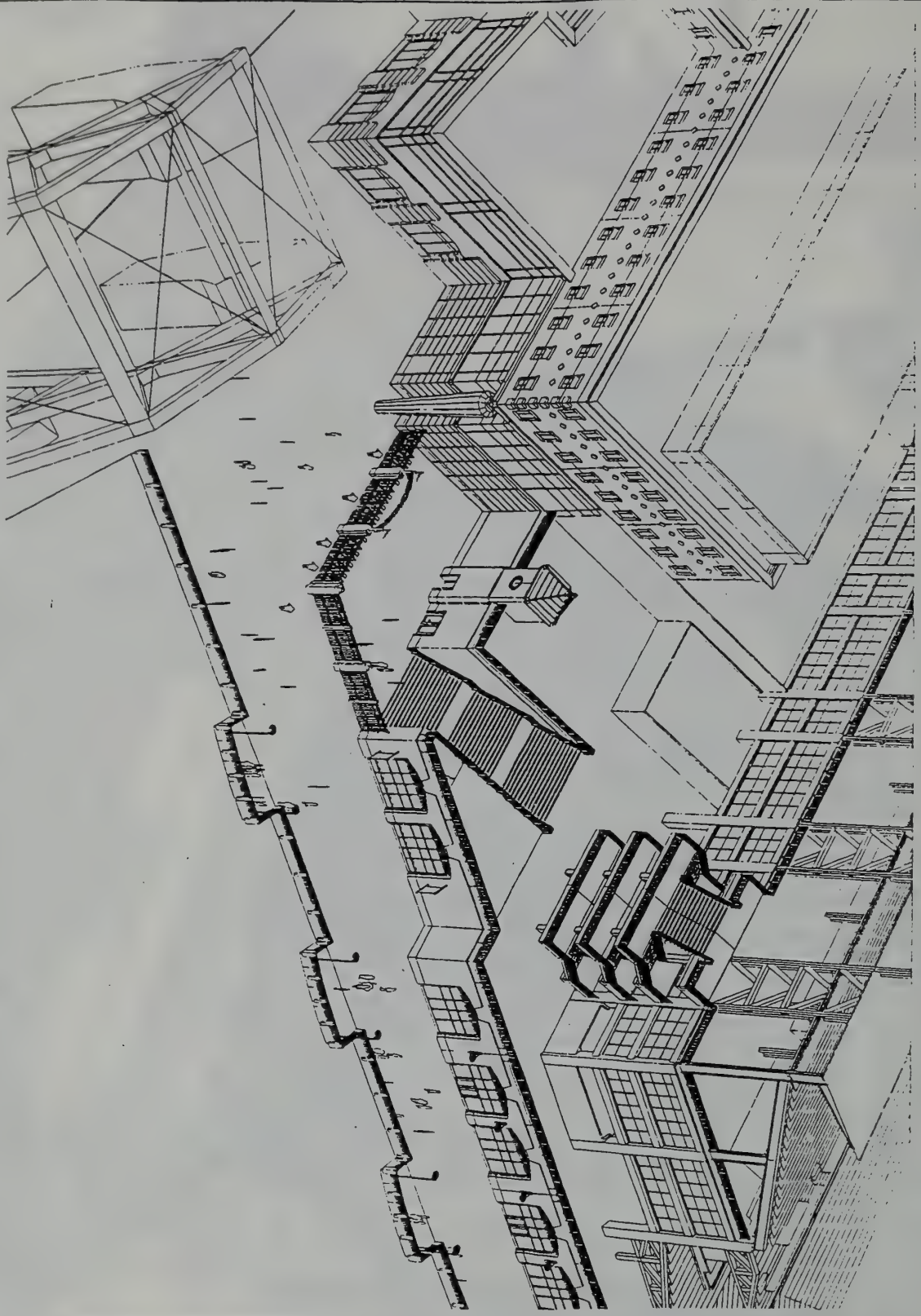


EXHIBIT 7
PORT WALK

EXHIBIT E



FOR REFERENCE ONLY - NOT FOR CONSTRUCTION

PACIFIC BELL PARK

Home Of The
San Francisco Giants

EXHIBIT 8
THIRD ST. PLAZA

EXHIBIT 9

PUBLIC ACCESS IN PLAN VIEW

Exhibits A - C

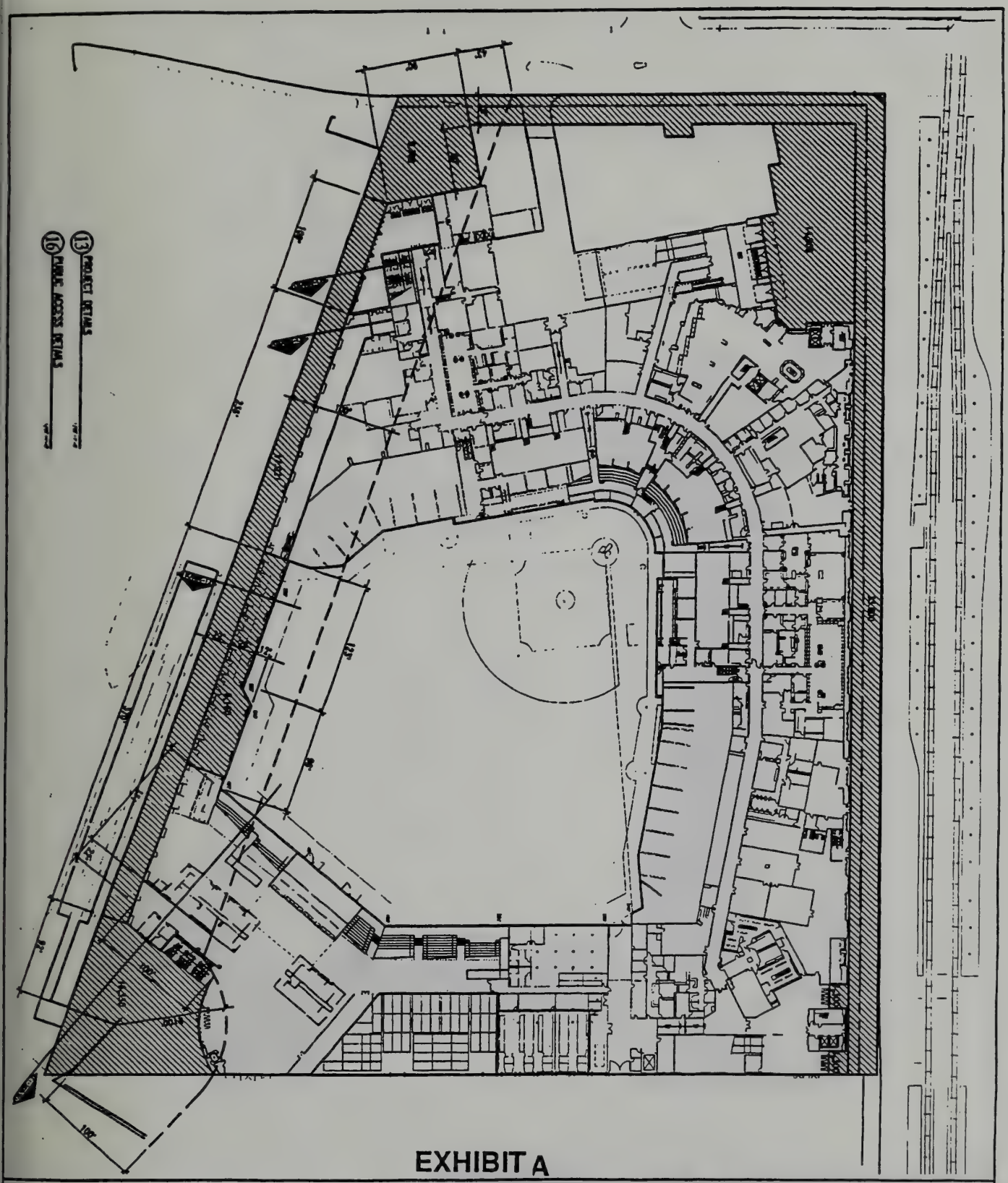


EXHIBIT A

FOR REFERENCE ONLY - NOT FOR CONSTRUCTION

BCDC-1.1B

PACIFIC BELL PARK

Home of The

San Francisco Giants

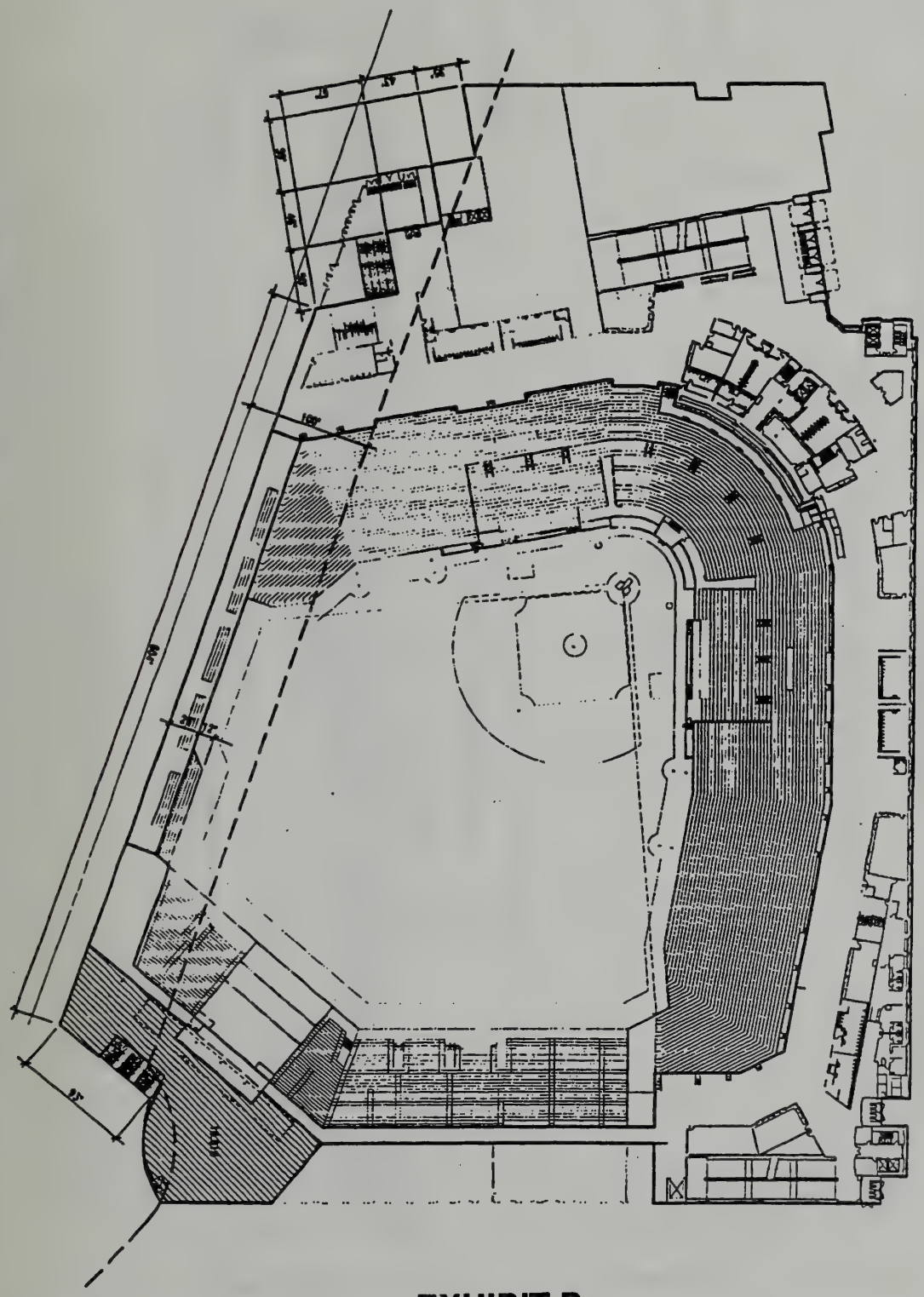


EXHIBIT B

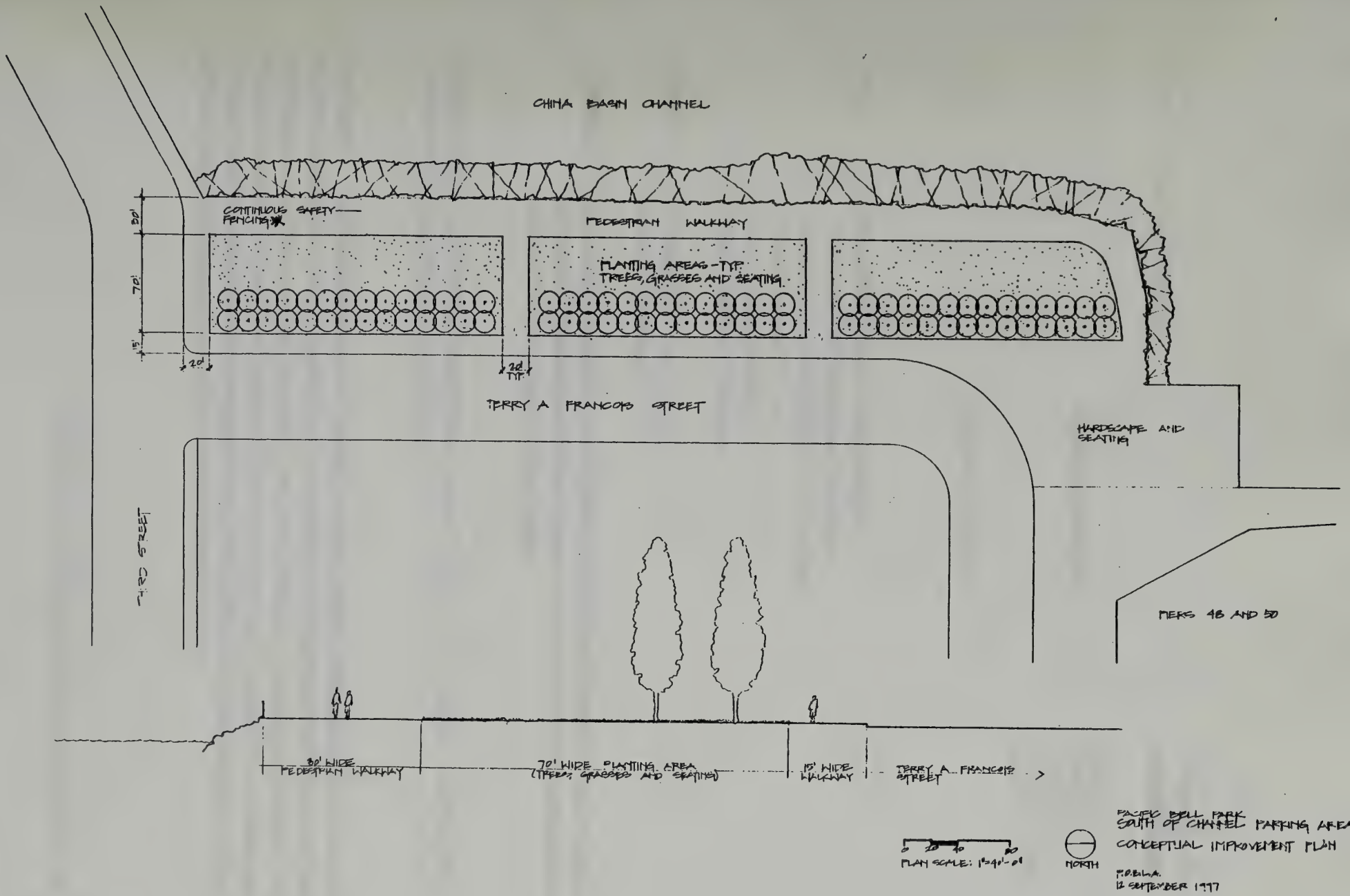
ISSUED FOR INFORMATION ONLY

BCDC-1.2B

PACIFIC BELL PARK

Home of The

San Francisco Giants



Fence location to be determined based on public safety

EXHIBIT C

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

October 15, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: **Approval of Right of Entry Permit with City and County of San Francisco to Permit Construction of Street Improvements for the Mid-Embarcadero Surface Roadway and F-Line Project**

DIRECTOR'S RECOMMENDATION: ADOPT THE ATTACHED RESOLUTION APPROVING THE PERMIT TO ENTER

Summary. The Mid-Embarcadero Roadway project includes realignment of the surface roadway, extension of the F-Line street car, construction of the Embarcadero Promenade, and construction of a plaza on the City-side of the Ferry Building. The project extends from Folsom Street in the south to Broadway Street in the north. It is one of the Waterfront Transportation Projects previously managed by the office of the Chief Administrative Officer and now being implemented by the Department of Public Works.

THIS PRINT COVERS CALENDAR ITEM NO. 7B

The design of the project has evolved over a six year period during which time significant community input was provided. On August 12, 1997, the Port Commission approved the final design of the Mid-Embarcadero Roadway project. The Port Commission also directed Port staff to finalize the Waterfront Transportation Projects Memorandum Of Understanding and return it to the Port Commission for consideration. The Memorandum of Understanding will address project responsibilities, construction coordination, maintenance and other project issues for the Mid-Embarcadero Project.

DPW is in the process of submitting its application to have Caltrans obligate the funds to proceed with the project. This will allow DPW to put the roadway construction project out for bid. DPW anticipates awarding the bid in late December 1997, or January, 1998, and to commence construction by February, 1998.

As part of the package required to obligate the funds, Caltrans requires a Right of Entry Permit from the landowner. In this case, the Port is the landowner, and the grantee of the permit will be the City, through DPW. The purpose of this permit is to satisfy the Caltrans requirements. No construction will take place until the Port has entered into the MOU with DPW and other affected City departments.

A copy of the Right of Entry Permit is attached to this Memorandum. Material provisions of the Right of Entry Permit are as follows:

1. **Use.** The permit is given solely for the construction of street improvements for the Mid-Embarcadero Surface Roadway and F-Line Extension Project on Port property.

2. **Term.** The term will expire upon the date that the MOU is signed, or the date that the project is canceled.

3. **Costs.** All costs are to be paid by DPW, including all costs associated with hazardous materials, and all costs relating to injuries to persons or property caused as a result of the project.

4. **Entry.** Port may enter or use the permit area for any uses which do not materially interfere with grantee's use.

Prepared by: Paul Osmundson, Director, Planning and Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **97-95**

WHEREAS, Removal of the freeway in the Ferry Building area has provided a unique opportunity to improve vehicle and pedestrian circulation to and from the waterfront and provide an appropriate and grand setting for the Ferry Building; and

WHEREAS, The Waterfront Transportation Projects Office has led the preparation of project design and an Environmental Impact Report (EIR) and Environmental Impact Statement (EIS) for the Mid-Embarcadero Surface Roadway and F-Line Project (the "Project") to assess environmental impacts in the area; and

WHEREAS, The Planning Commission certified the Final EIR/EIS ("FEIR"), amended the General Plan, and made a finding of consistency with the General Plan on September 19, 1996, and adopted the Mid-Embarcadero Urban Design Concept on October 10, 1996; and

WHEREAS, On October 8, 1996, the Port Commission adopted Resolution No.96-102, adopting findings under the California Environmental Quality Act related to a portion of the Project, and Resolution No. 96-103, approving the Roadway alignment and authorizing the Executive Director to negotiate an agreement regarding the review and final approval process for the Project; and

WHEREAS, On November 12, 1996 the Port Commission approved Resolution No. 96-113 approving the Design Parameters for the Project; and

WHEREAS, On August 12, 1997, the Port Commission approved Resolution No. 97-68, approving the final design of the Project; and

WHEREAS, The Waterfront Transportation Projects Memorandum Of Understanding between the Port, the Department of Public Works, the Department of Real Estate, the Public Transportation Commission, The Recreation and Parks Department is being revised to reflect the unique conditions of the Project and define Project responsibilities; and

WHEREAS, In order to certify funds to proceed with the project, the City and County of San Francisco, through its Department of Public Works, has requested the Port to issue a Right of Entry Permit for the construction of street improvements for the Project on Port property, which Permit will be replaced in its entirety upon the completion of the MOU; now, therefore, be it

RESOLVED, Based upon the Port Commission's review of the FEIR, the Port Commission hereby finds that (1) no substantial changes have occurred with respect to the circumstances under which the Project is undertaken which would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR; and (2) no new information of substantial importance to the Project has become available which would indicate: (a) the Project will have significant effects not discussed in the FEIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the FEIR would substantially reduce one or more significant effects on the environment; and, be it further

RESOLVED, that the Port Commission approves the Right of Entry Permit substantially in the form attached to the Memorandum to Commission for this Item No. 7B, for the Port Commission's meeting of October 22, 1997, and authorizes the Executive Director, or his designee, to execute the same in such final form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 22, 1997.

_____
Secretary

RIGHT OF ENTRY PERMIT

PORT OF SAN FRANCISCO ("Grantor"), hereby grants **CITY AND COUNTY OF SAN FRANCISCO,** a municipal corporation, ("Grantee"), to enter upon Grantor's property located in the City and County of San Francisco, State of California, ("Premises"), as illustrated on Grantee's Drawing prepared by the San Francisco Dept. of Public Works Specification No. 6094Q dated August 1997, marked Exhibit A, attached and made a part hereof, subject to all licenses, easements, encumbrances and claims of title affecting the Premises and upon the following terms and conditions:

1. This permit is for Grantee's sole use and is not assignable. It is hereby given to Grantee solely for the construction of street improvements for the Mid-Embarcadero Surface Roadway and F-Line Extension Project on Grantor's property.

2. It is understood that this permission is not a waiver in any way of the right of compensation for such land or of any remedy authorized by law to secure payment therefor.

3. This Right of Entry shall commence on October 23, 1997, and shall terminate upon the occurrence of either of the following events: (1) the date that the MOU between the City and Port is fully executed, or (2) the date that the funds for this project are terminated by an action of the Board of Supervisors.

4. All costs related to Grantee's operations upon the Premises shall be at Grantee's expense and all work by Grantee upon the Premises shall be performed in a good and workmanlike manner satisfactory to Grantor.

5. Any open holes shall be satisfactorily covered at all times when Grantee's forces are not physically working in the actual vicinity thereof. Upon completion of work, all holes will be filled in to surrounding ground level with clean, compacted, earthen material and the Premises left in a neat and safe condition satisfactory to Grantor.

6. Grantee shall fully pay for all materials joined or affixed to the Premises, and shall pay in full all persons who perform labor thereupon. Grantee shall not suffer any mechanics' or materialmen's liens of any kind to be enforced against the Premises for any work done or materials furnished at Grantee's request. If any such liens are filed thereon, Grantee shall immediately remove the same at Grantee's own expense, and shall pay any judgment which may be entered thereon or thereunder. Should Grantee fail, neglect, or refuse so to do, Grantor shall have the right to pay any amount required to release any such liens, or to defend any action brought thereon, and to pay any judgment entered therein; and Grantee shall be liable to Grantor for all costs, damages, reasonable attorneys' fees, and any amounts expended in defending any proceedings or in the payment of any said liens or any

judgment obtained therefor. Grantor may post and maintain upon the Premises notices of nonresponsibility as provided by law.

7. Because of certain funding restrictions imposed on Port funds due to public trust restraints, it is the understanding of the parties that Port shall not expend any funds due to or in connection with Grantee's or its contractor's use of the Premises. Therefore, Grantee agrees to be responsible for all costs associated with all claims, damages, liabilities or losses which arise (i) as result of the handling of hazardous materials on or about the Premises by Grantee, its agents, invitees, its contractor's assignees or sublessees, or (ii) out of any injury or death of any person or damage of any property occurring in, on or about the Premises or which arise as a result of Grantee's or its agents', invitees, its contractor's assignees' or sublessees', act or omission, from any cause. The foregoing obligation of Grantee shall survive the termination of this agreement. As used herein, "hazardous materials" shall mean any substance, water or material which has been determined by any state, federal, or local government authority to be capable of posing a risk of injury to health, safety or property.

Grantee shall pay all amounts due Grantor under this section within a reasonable period of time after due.

8. Grantee shall comply, at Grantee's expense, with all applicable laws, regulations, rules, and orders with respect to the use of the Premises, regardless of when they become or became effective, including, without limitation, those relating to construction, grading, signage, health, safety, noise, environmental protection, waste disposal, and water and air quality, and furnish satisfactory evidence of such compliance upon request of Grantor. Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Premises due to Grantee's use and occupancy thereof, Grantee, at Grantee's expense, shall clean all property affected thereby to the satisfaction of Grantor and any governmental body having jurisdiction thereover.

9. Any person, firm or corporation Grantee authorizes to work upon the Premises shall be deemed to be Grantee's agent and shall be subject to all the applicable terms hereof.

10. Grantee is hereby required to give five (5) days' advance notice of the date Grantee elects to enter upon the Premises. Said notice shall be by telephone to 274-0400 to the Port-Director of Facilities, and then confirmed by letter to the undersigned at the above address.

If any facility of Grantor is endangered by Grantee's work, Grantee shall immediately notify the undersigned at the above number; and, in the event any of Grantor's facilities is damaged as a result of Grantee's operations upon the Premises, Grantee shall reimburse Grantor for any cost expended to repair or replace the facility so damaged upon presentation of bill therefor.

11. Grantor's or Grantee's termination of current negotiations shall not relieve Grantee from any liability for any damages incurred by Grantor by reason of breach by Grantee of any of the terms of this right of entry permit.

12. Entry. Port may enter on the Premises at any time for the purpose of inspection or inventory, and when otherwise deemed reasonably necessary for the protection of Port's interests. In addition, subject to prior coordination with Grantee, Port may use, or permit others to use, the Premises, so long as such use will not materially interfere with Grantee's use allowed under this Permit, and so long as such use will not unreasonably create a risk to the safety of persons using the Premises.

AGREED TO AND ACCEPTED THIS
_____ day of _____, 1997.

CITY & COUNTY OF SAN FRANCISCO,
a municipal corporation

_____
Director of Public Works

_____
Director of Property

APPROVED AS TO FORM:
Louise H. Renne, City Attorney

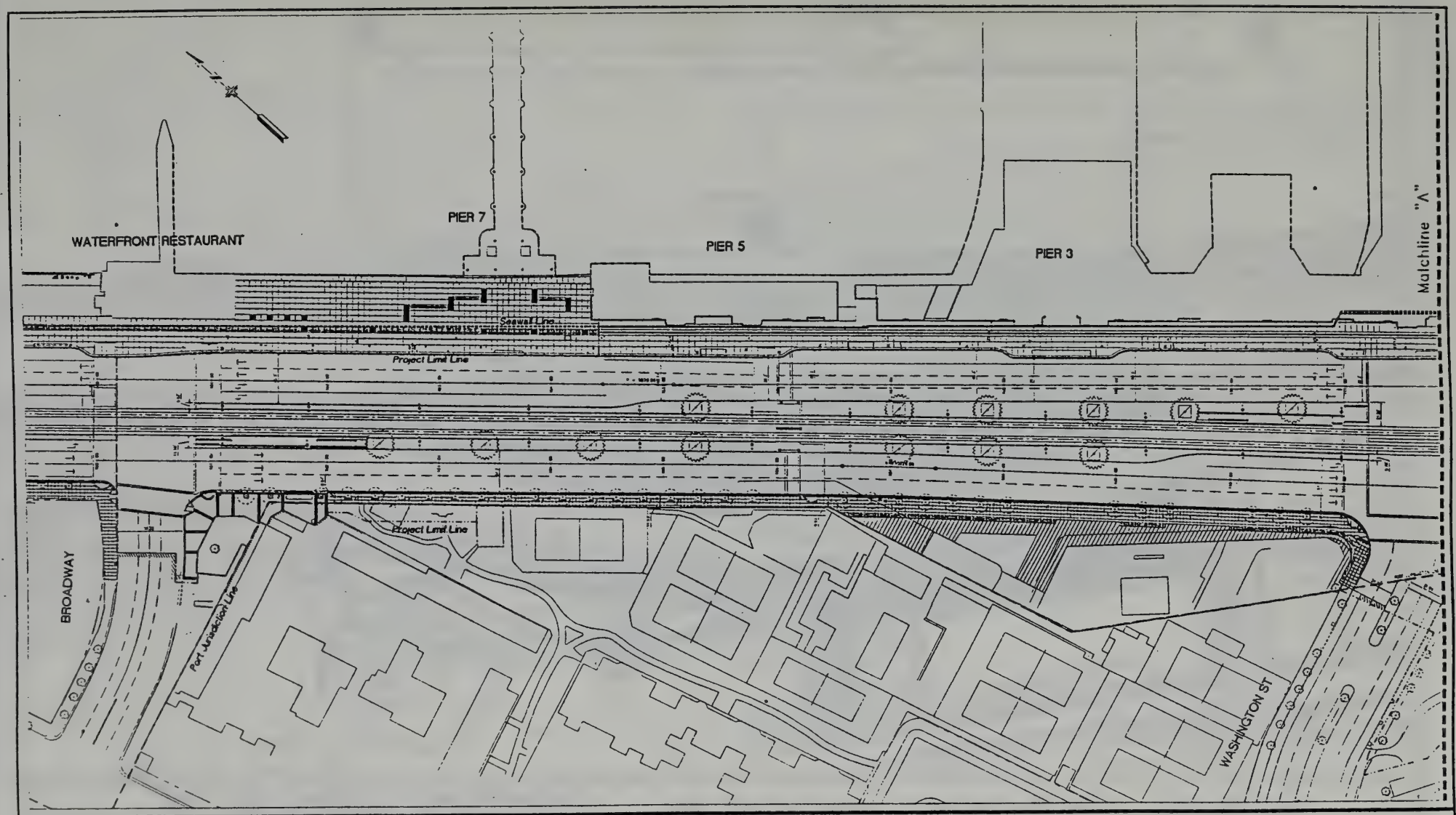
By: _____
Deputy City Attorney

PORT OF SAN FRANCISCO

By:_____

Title: _____

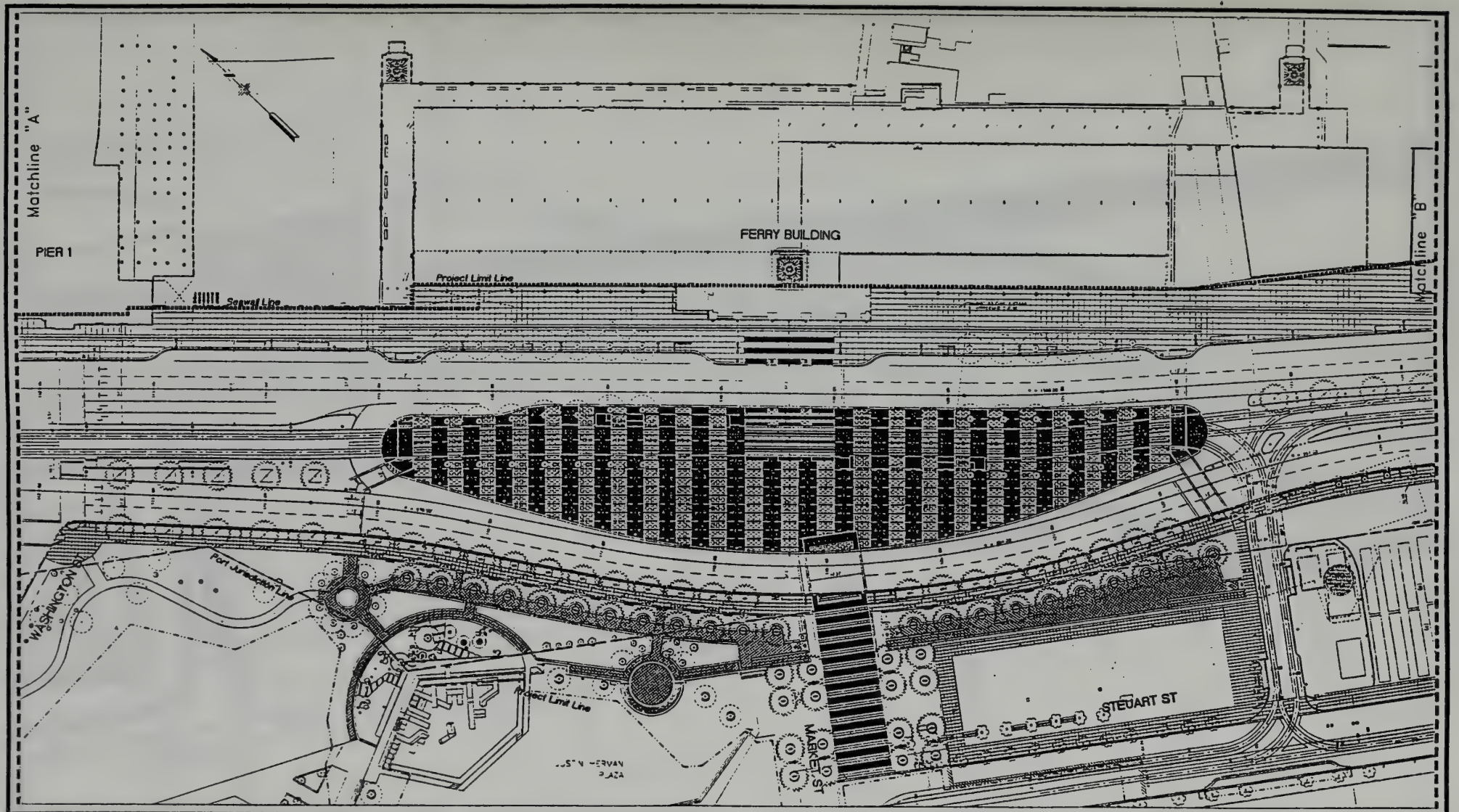
EXHIBIT A



CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS
BUREAU OF ENGINEERING

Mid Embarcadero Roadway Project

SCALE: 1"=80'
DATE: AUGUST 18, 1997
DRAWN BY: SAC
Sheet 1 of 4

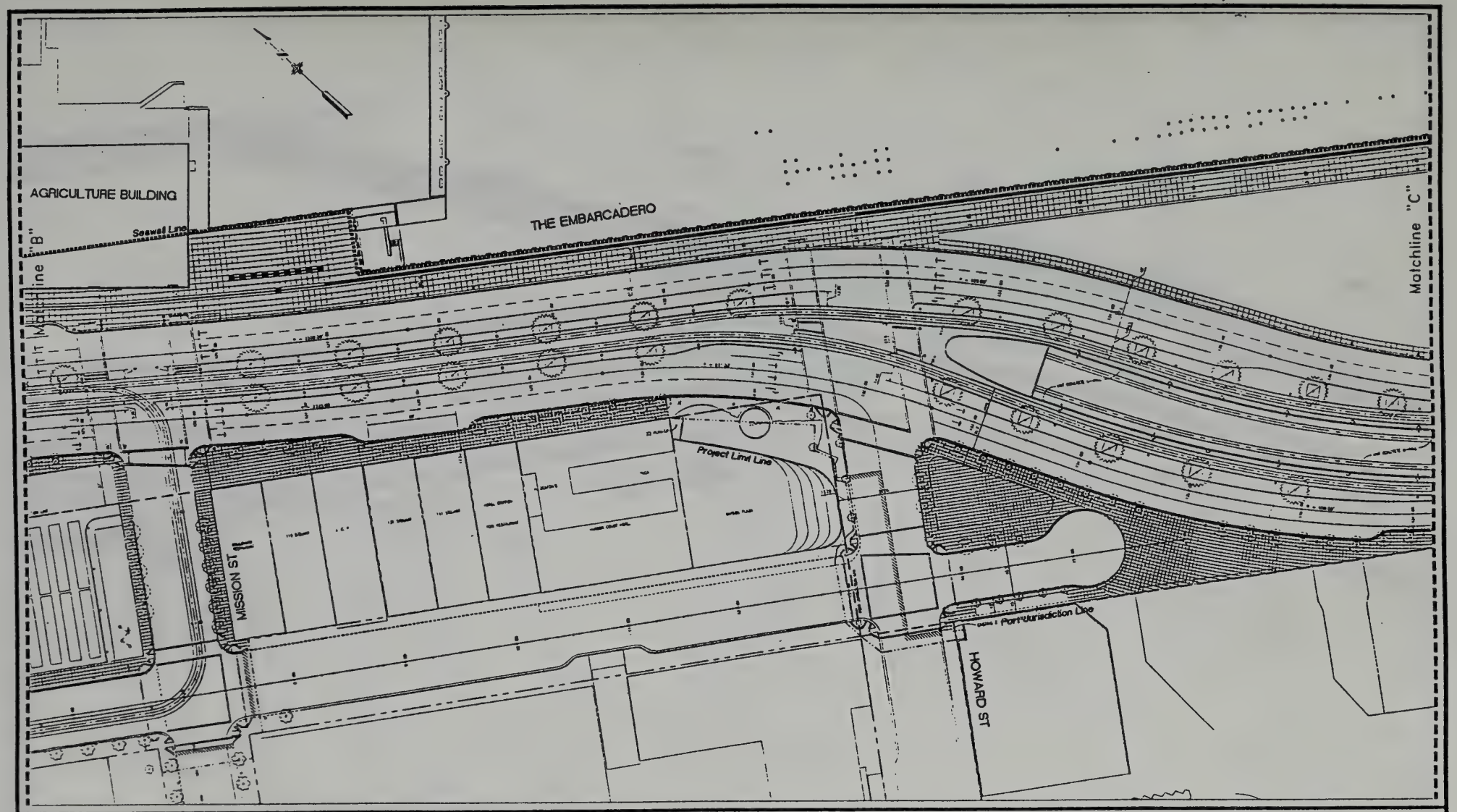


CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS
BUREAU OF ENGINEERING

Mid Embarcadero Roadway Project

SCALE: 1"=80'
DATE: AUGUST 18, 1997
DRAWN BY: SAC

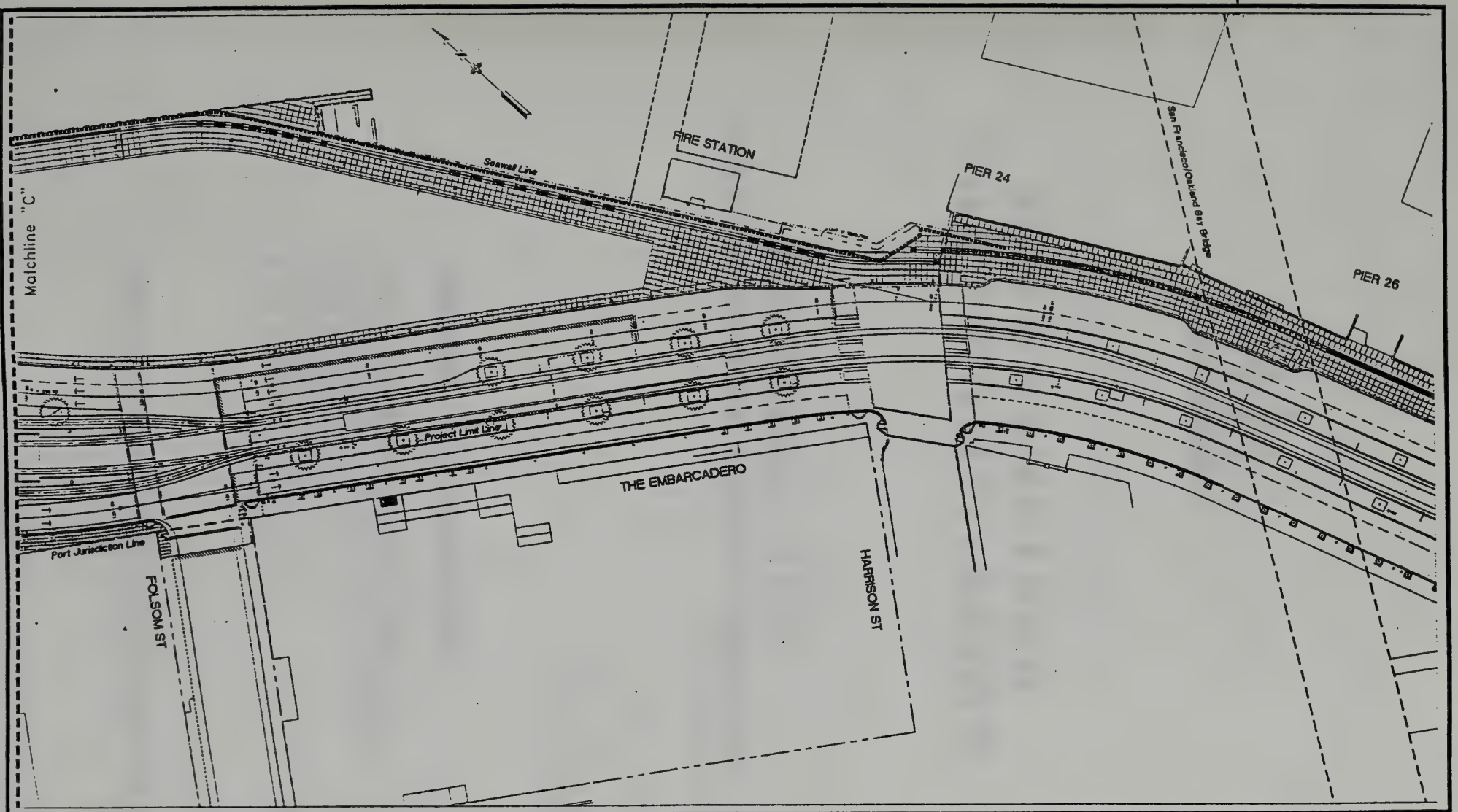
Sheet 2 of 4



CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS
BUREAU OF ENGINEERING

Mid Embarcadero Roadway Project

SCALE: 1"=80'
DATE: AUGUST 18, 1997
DRAWN BY: SAC
Sheet 3 of 4



CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS
BUREAU OF ENGINEERING

Mid Embarcadero Roadway Project

SCALE: 1"=80'
DATE: AUGUST 19, 1997
DRAWN BY: SAC
Sheet 4 of 4

SAN FRANCISCO
PORT COMMISSION

OCTOBER 22, 1997
MINUTES OF THE SPECIAL MEETING

DOCUMENTS DEPT.

OCT 0 8 1999

SAN FRANCISCO
PUBLIC LIBRARY

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. DENISE McCARTHY, VICE PRESIDENT
HON. FRANKIE G. LEE
HON. JAMES HERMAN
HON. KIMBERLY BRANDON

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
OCTOBER 22, 1997

1. ROLL CALL

The meeting was called to order by Commission President Michael Hardeman at 10:06 a.m. The following Commissioners were present: Michael Hardeman, Denise McCarthy, Frankie Lee and Kimberly Brandon. Commissioner Herman was not present.

2. APPROVAL OF MINUTES

3. EXECUTIVE

A. Executive Director's Report

Mr. Paul Osmundson, Acting Executive Director, reported that the Port received an honor award for the Waterfront Plan at the Waterfront Center's Annual Conference. The Waterfront Center Conference is an educational industry and trade group that promotes waterfront planning and development throughout North America. The jury's comments were extremely favorable for the Port's Waterfront Plan. Staff has submitted applications for many other planning awards for the waterfront plan and will keep the Commission abreast of its success.

4. MARITIME

5. REAL ESTATE AND ASSET MANAGEMENT

A. Authorization to rescind Port Commission Resolution No. 94-20, directing staff in 1994 to issue Request for Proposals for horse drawn carriage use permit at Fisherman's Wharf. (Resolution No. 97-82)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that staff requests that the Commission rescind Resolution 94-20. In February 1994, the Commission adopted Resolution No. 94-20, directing staff to issue a Request For Proposals (RFP) for the award of a horse drawn carriage use permit at Fisherman's Wharf. The first RFP produced two non-responsive proposals. In the second submission of proposals, the Port awarded a month-to-month use permit to Waterfront Horse Carriage Service in March 1995. The Waterfront Horse Carriage was a joint venture. At the time of award, Mr. Sears and Mr. Cohen operated Waterfront. Mr. Cohen subsequently withdrew from Waterfront. The Port Commission approved the assignment of the permit to Mr. Sears and Mr. Perkins in July 1995.

In 1996, Mr. Jenkel, one of the RFP respondents, filed a petition in the San Francisco Superior Court, seeking, among other things, an order from the Court stating that in July 1995, the Port was required to issue a new RFP for award of a use permit rather than approve the assignment of the permit. Although that issue has not been resolved, the Judge assigned to the matter has preliminarily stated his belief that Resolution No. 94-20 required a

new RFP to be issued so long as the Resolution was "on the books." As construction in the Fisherman's Wharf area on the F-Line proceeds, staff will be seeking Commission's approval to either move the location of the horsedrawn carriage or discontinue the operation altogether. To avoid any confusion in the future concerning the intent of Resolution No. 94-20, Port staff requested the Commission to approve the resolution rescinding Resolution No. 94-20 and explicitly stating that Resolution No. 94-20 does not have any effect upon future action by Port staff.

Commissioner Hardeman indicated that Commissioner McCarthy received a hand-written note regarding this matter at 10:00 a.m. Commissioner Brandon also received a hand-written telephone message regarding this matter. As well, Commissioner Hardeman received a letter at 10:00 a.m. He made it clear that correspondence arriving at 10:00 a.m. is difficult for the Commissioners to address. Any comments or suggestions should be made to appropriate personnel prior to start of a Commission meeting.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

6. FACILITIES & OPERATIONS

A. Approval of Second Amendment to authorize additional design work for approximately $42,215 for Professional Services Contract No. SA 3960018, "Pier 52 Architectural and Engineering Services for Public Boat Ramp and Public Access," with Arcus Architecture and Planning. (Resolution No. 97-93)

Mr. Alex Lee, Director of Facilities & Operations, indicated that staff is seeking approval of a second amendment authorizing additional design services under Professional Services Contract No. SA 3960018, Pier 52 Public Boat Ramp with Arcus Architecture and Planning. On November 15, 1995, the Port contracted with Arcus Architecture & Planning to provide professional architectural and engineering services for the design of the project. On October 8, 1996, the Port Commission approved key project elements for final design of the project including:

- A double lane boat ramp and maneuvering area;
- A disability accessible gangway with guest dock;
- A café and dining deck;
- Public access and landscape improvements throughout the site; and
- A 2-space trailer boat parking lot.

On April 22, 1997, the Port Commission approved the first amendment to the Arcus contract to provide additional program components, studies and estimates. The changes were required due to direction from the Port Commission, the Department of Public Work's Disability Access Coordinator, Port appointed Design Advisors and the Citizen's Advisory.

On April 22, 1997, the Planning and Development department presented an informal briefing to the Port Commission on the Pier 52 project and recommended the construction of the cafe and dining deck be delayed at a later date.

Since April, during the detailed design phase, several changes to Arcus' scope of work were required due to Catellus' development plans for their adjoining property and the China Basin Ballpark EIR which recommends four lanes of roadway along Terry A. Francois Blvd. to accommodate ingress and egress to the parking lots south of China Basin Channel. In

addition, BCDC, as a condition to both the Port's relocation of the maintenance facility to Pier 50 and the ballpark permits, has required bike lanes along the length of Terry A. Francois Blvd. Finally, as a condition of the ballpark permit, BCDC has required the roadway design include a sidewalk fifteen feet in width on the Bay side of Terry A. Francois Blvd. Therefore, the current design for the Pier 52 project will have to be revised to accommodate these recent developments. A summary of the revisions include:

- Redesign of the parking lot to fit within the new Catellus grid block alignment.
- Design for a widened Terry A. Francois Blvd. roadway section to accommodate:

  1. Four 11-ft. wide traffic lanes per the ballpark EIR.
  2. Two 4-ft. bike lanes per BCDC; and
  3. A 15-ft. wide sidewalk per BCDC.

  These changes will result in a total striped and paved roadway width of 52 feet. The current alignment includes only three lanes of traffic and no bike lanes.

- Additional landscape and public access improvements at the site where the café and dining deck was originally proposed.
- Due to the delay in the construction of the café, a public restroom facility with minimal maintenance is preferable. Thus, staff has recommended that the final design documents include utility connections for a possible JCDecaux facility.

Staff seeks Commission approval to increase the contract amount by an additional $42,215.

Commissioner Lee indicated that he closely monitors all contract amendments to A/E Services or construction. In his opinion, a contract of this type is justifiable because of the change of scope and the amount of amendment is small compare to the original contract.

Commissioner McCarthy inquired if this project, adding another lane and two bike lanes with the amount of money requested, is feasible. Mr. Lee replied that he believed this will be accomplished since Arcus is a good consultant.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

B. Approval for additional contingency funding for Contract No. 2594, "Ferry Building Seismic Repair Stage II," in the amount of $250,000.00 (Resolution No. 97-94)

Mr. Alex Lee, Director of Facilities & Operations, indicated that this item is to authorize staff to issue possible future additional contract modifications up to $250,000 to Contract No. 2594, Ferry Building Seismic Repair Stage II, with CICO-R&W, a Joint Venture. On September 24, 1996, through Resolution No. 96-100, the Commission authorized staff to award Construction Contract No. 2594 to CICO-R&W, a Joint Venture at a cost of $1,897,518. The Port Commission also authorized a 10% contingency for possible Type 1 contract modifications. The work consists of:

- Constructing concrete shear walls in specific locations on the three floors of the southern portion of the Ferry Building;
- Performing hazardous materials abatement in the areas affected by the renovation work; and
- Performing disability access upgrades as required by the governing codes.

The Port issued change orders to address extra work, including relocating utilities discovered during demolition, performing additional hazardous materials abatement work, and adjusting shearwall construction around hidden structural conditions. These changes have been for work clearly not included in the original contract documents. Staff has also denied the contractor's request for numerous other change orders for work staff believes is covered by the contract requirements.

The contract is approximately 60% complete and staff issued change orders totaling nearly $178,000, which is approaching the original 10% contingency of $189,752, authorized by the Commission. Therefore, staff is requesting $250,000 to replenish the original contingency budget, set aside for future contract modifications, if necessary. It is anticipated that FEMA and OES will fund all contract modifications. Some of the possible future contract modifications include historical items that may be discovered; different connection methods and additional concrete to be bore. Staff does not currently have the change orders but anticipates that they will be forthcoming.

Commissioner Lee indicated that the original 10% contingency for a big retrofit job was somewhat low. Opening up an old building and doing retrofit job always uncovers unforeseen items that need to be taken cared of later on. He feels that this is not an unreasonable request. He then inquired if the additional amount being requested is adequate to complete the job. Mr. Alex Lee replied that the work is 60% complete and was confident that the money will be sufficient to complete the job.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

C. Ratification of the emergency declaration to repair a portion of the back wall of the Pier 1-1/2 bulkhead building. (Resolution No. 97-86)

Mr. Alex Lee indicated that this item is to ratify the declaration of emergency to allow Port staff to retain outside assistance to repair the collapsed wall at the Pier 1-½ bulkhead building. Staff believes that the investment of $240,000 is justified based on the following:

- Currently, the Port generates $120,524.28 annual revenue for renting out 9,420 sq. ft. of Pier 1-½.
- Approximately 6,752 sq. ft. of vacant space is available, with a potential rent of $130,000

The rent reflects the existing leases and a lease under negotiation for Pier 1-½. A comprehensive market survey is being conducted to determine the current market rents for Port facilities, including Pier 1-½ and this will likely result in rent increases.

The Port Commission recently approved $2 million in Port funds, as part of a $3.5 million project, to repair the marginal wharf from Pier 1-½ to Pier 5. It is Port policy, as adopted by the Port Commission in the Waterfront Land Use Plan Design & Access Element, Bulkhead Buildings at Piers 1-5 are to be preserved, rehabilitated and adaptively reused consistent with the Secretary of Interior's Standards for Rehabilitation. The historic character defining elements of the bulkhead buildings are generally considered to be the structural framing and "City Beautiful" facades visible from street and promenade. The proposed repair will preserve the integrity of the bulkhead building.

Commissioner Brandon inquired about the letter from Big C Traders with regard to their plans for this location.

Ms. Tsen replied that staff is in negotiations with Big C Traders for the lease of that space. The negotiations have not been completed. Staff is awaiting for the market survey, to be completed by the end of October or beginning of November. The market survey will provide the parameter rents to ensure that any lease negotiated be equivalent to what the market rents are for similar types of space. The lease is currently being negotiated.

Commissioner Brandon inquired if Big C Traders is willing to perform the improvement work. Ms. Tsen replied that this work is separate; it has to do with an exterior wall that needs to be replaced. Big C Traders and Port staff discussed the scope of work that Big C would like to do on the interior of Pier 1-½.

Commissioner Lee indicated that the Port has no choice but to repair the bulkhead building as this is a safety hazard issue. Mr. Lee replied that if we don't repair the wall, we may have to relocate the tenants elsewhere. It is a safety issue for the current tenants.

Commissioner Lee inquired if the bulkhead building is designated as a historic structure. Mr. Paul Osmundson, Director of Planning & Development, replied that the bulkhead building is potentially eligible but it is not currently listed on the local or national register. Staff intends to review the work to ensure that it is consistent with the Secretary of Interior's standards for rehabilitating historic buildings. Commissioner Lee inquired about the $240,000 contingency and wondered who made the estimate. Mr. Lee replied that the $240,000 contingency work would be going out for competitive bid and our own engineering staff did the estimate. Mr. Alex Lee added that $240,000 is not a small amount of money but the Port is generating enough potential revenue for Pier 1-½ that the payback would be less than a year.

Commissioner Hardeman thanked Commissioner McCarthy, who requested the declaration of emergency while he was out of state.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

7. PLANNING & DEVELOPMENT

A. Approval of China Ballpark Project Design based upon review of Schematic Drawings and Preliminary Construction Documents. (Resolution No. 97-89)

Mr. Paul Osmundson, Director of Planning & Development, indicated that the Lease Disposition and Development Agreement (DDA) between the Port and the China Basin Ballpark for the new ballpark requires the Port Commission to review and approve the project design. Staff has reviewed the proposed Schematic Drawings and Preliminary Construction Documents, in accordance with the Port's development standards and design criteria for the site. He mentioned that Jack Bair from the Giants, Architect Sandy Eades and Legal Counsel Harry O'Brien, were available to answer any questions.

Mr. Osmundson indicated that the project involves constructing a baseball stadium on an approximately 13-acre site bordered by King Street, Second Street, China Basin Channel and Third Street. An approximately four story, Pavilion building of up to 136,000 square feet is proposed on a separate foundation adjacent to the ballpark on Third Street. This building is intended to accommodate ground level retail commercial uses, a PacBell Children's Learning

Center, and the Giant's administrative offices. However, CBBC has not yet submitted the preliminary construction documents for this building to the Port. The final program for the building continues to be evaluated and the final size of the building may or may not be changed. The Port Commission will consider the Pavilion building design separately, once the Schematic Drawings and Preliminary Construction Documents for the building have been submitted and evaluated by Port staff.

CBBC presented initial design drawings to members of Port staff more than a year ago. An interagency design review group was formed at that time, including representatives from the City Planning Department, the Redevelopment Agency, the Port and the San Francisco Bay Conservation and Development Commission. John Kriken and Michael Smiley provided comments on the design during the initial phases of the project. The interagency group continued to work with CBBC's architects to shape the project design in a manner that addressed the issues concerning each agency. The Schematic Drawings and Preliminary Construction Documents reflect the many changes that have been made to the project design as a result of the interagency review process.

The ballpark design has also been influenced by public comments offered during the public hearings and meetings leading up to the approval of the project. For example, concerns by South Beach residents regarding the visibility of the scoreboard resulted in relocation of the scoreboard 54 feet toward the infield. Comments regarding the amount and location of public access area resulted in about 2 acres of public access space provided on both sides of China Basin Channel, doubling the amount of improved public access area provided by the project from CBBC's original proposal.

The DDA contains general objectives and development standards for the project. The primary design features of the ballpark that satisfy the Port's objectives for this development site includes:

- Taking advantage of Bay views. The ballpark has been designed to take maximum advantage of water views. The main concourse is continuous around the playing field and becomes an open air, elevated promenade in the outfield, allowing views into the ballpark, as well as the Bay and South Beach Harbor. The second level promenade has almost 800 lineal feet of water frontage.

- Waterfront Identity. Design features that have been incorporated include: (1) using red brick as a building material on the portion of the building that faces Second Street; (2) a clock tower element at the end of the Second Street view corridor, with a similar tower located at the corner of Third and King Streets; and (3) a flagpole placed on top of the tower similar to the Ferry Building flagpole that can promote waterfront activities.

- Continuous PortWalk between South Beach Harbor and Third Street. The PortWalk provides continuous access for ballpark patrons as well as the general public.

- Appearance of the ballpark from South Beach Harbor and Park. At least six flagpoles will be provided and a wall has been incorporated into the design to screen the service delivery activities on that side of the ballpark.

When the pavilion building design is presented to the Commission for approval, some of the issues that have been identified that need to be addressed include the location, massing and siting of the building and how the façade of the ballpark would be treated depending on those factors.

Staff's recommendation on the approval of the ballpark design is conditional on three minor items:

(1) Activation of King Street Frontage. The Giants and CBBC are evaluating different strategies to enliven King Street Frontage including the possibility of incorporating some shallow kiosks into the ballpark façade along King Street . However, it is unclear whether these spaces could be economically developed and staff will make a final report when the decision has been made.

(2) Lightning. Final construction plans will be reviewed by the Port Executive Director to ensure that lighting along the PortWalk and within the center field plaza enhances pedestrian access and security.

(3) Design. If the size of the Pavilion building is reduced and a portion of the ramp structure is exposed, this may result in some modifications of the design of the façade of the building.

Staff recommended approval of the ballpark project design as reflected in the schematic drawings and preliminary construction documents.

Commissioner McCarthy inquired about the public access walkway. Mr. Jack Bair replied that a sidewalk exists along King Street as well as Third Street. There will be sidewalk from Second Street to the center field plaza area. In the back of the ballpark, there will be a PortWalk along the entire side connecting to major public plazas. There is also a major plaza in the center field area that resulted from discussions from the neighborhood. Not only will there be a plaza on the ground level, but, on non-game day, there will also be a plaza on the second level. There are also large plazas at the corner of Third and King and also at the Lefty O'Doul Bridge where the ballpark meets the China Basin Channel. The walkway extends right in front of the marina, it is basically a continuation of Herb Caen Way.

Commissioner Hardeman congratulated the Giants on a great season and Dusty Baker who is going to be named Manager of the Year.

Ed Lortz, Potrero Hill, inquired about the manufacturer and model of the floodlights and if the floodlights are established by this approval. Mr. Osmundson deferred the question to Architect Sandy Eades but he added that the specifications of the type of floodlights have not been approved. He indicated that this is the approval of schematic drawings and preliminary construction documents and not the final plans and specifications.

Mr. Sandy Eades indicated that they have designed a particular type of sports lighting fixture for the ballpark. The fixture they are using is the highest efficiency fixture available today. It is conditioned to be evaluated some time in the future should more highly efficient fixture become available. One possibility is a GE high efficiency, low glare fixture, which is their current top of the line sport lighting fixture. Mr. Bair added that throughout the public approval process and extensive meetings with the Citizens Advisory Committee, the ballpark lights were a focus of a lot of discussion. They brought a group of people, including representatives from Potrero Hill, to Denver to look at the ballpark and the lighting situation. The lights have been designed such that there won't be a light glare factor. The EIR analyzed the light display very carefully so that there would be no significant impact. The new ballpark lighting are designed to light up the playing field and not the surrounding area.

Ms. Ernestine Weiss congratulated everyone involved for a wonderful job done; the drawings look beautiful and she couldn't wait for the ground breaking. She thanked the Commission for all it has done during the approval process.

Mr. Bair commended Port staff (Kari Kilstrom, Paul Osmundson, Fei Tsen, Doug Wong, the Port Commission & many other people) for all their hard work and suggestions and support and they will continue to work with staff and produce something everyone will be proud of.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

B. Approval of Right of Entry Permit with City and County of San Francisco to Permit Construction of Street Improvements for the Mid-Embarcadero Surface Roadway and F-Line Project. (Resolution No. 97-95)

Mr. Osmundson indicated that the Mid-Embarcadero roadway project includes realignment of the surface roadway, extension of the F-Line street car, construction of the Embarcadero Promenade and construction of a plaza on the City-side of the Ferry Building. It is one of the Waterfront Transportation Projects previously managed by the office of the Chief Administrative Officer and now being implemented by the Department of Public Works.

On August 12, 1997, the Port Commission approved the final design of the Mid-Embarcadero roadway project and directed staff to finalize the Memorandum of Understanding addressing project responsibilities, construction coordination, maintenance and other project issues.

DPW is in the process of submitting its application to have Caltrans obligate the funds to proceed with the project that would allow DPW to put the roadway construction project out for bid. They anticipated awarding the bid in late December 1997 or January 1998 and to commence construction by February 1998.

As part of the package, Caltrans required a Right of Entry Permit from the landowner. In this case, the Port is the landowner and the grantee of the permit will be the City, through DPW. The purpose of this permit is to satisfy the Caltrans requirements. No construction may take place until the Port has entered into the MOU with DPW and other affected City departments.

The material provisions of the Right of Entry Permit have to do with the use, term, costs and right of entry.

ACTION: Commissioner McCarthy moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

8. FINANCE AND ADMINISTRATION

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Commissioner Hardeman indicated that a flagpole of the Merchant Marine Memorial flew down a year or two ago and they have requested to have the flagpole back up. He asked staff to look into this matter and if there is a tremendous cost, it could be brought back to the Commission; if not, staff could deal with it as they see fit. Mr. Osmundson replied that he and Alex Lee will look into

this matter.

11. EXECUTIVE SESSION

At 10:50 a.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

A. CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

1) Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (3 cases).

At 12:35 p.m., Commissioners Hardeman, McCarthy, Lee and Brandon returned from executive session and convened in public session.

ACTION: Commissioner McCarthy moved approval to not disclose any information discussed in the executive session. Commissioner Lee seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 12:37 p.m.

Commission Secretary

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NOTICE OF CANCELLATION

THE REGULAR PORT COMMISSION MEETING SCHEDULED FOR
WEDNESDAY, NOVEMBER 12, 1997 AT 4:00 P.M.
IS HEREBY CANCELLED

♦♦♦♦♦♦♦♦♦

A SPECIAL PORT COMMISSION MEETING
IS SCHEDULED FOR

FRIDAY, NOVEMBER 7, 1997
at 10:00 a.m.

in the Port Commission Room
Suite 3100, Ferry Building
San Francisco, CA 94111
(415) 274-0406

522
687

SAN FRANCISCO
PORT COMMISSION

SPECIAL MEETING – (Please note the date and time of the meeting)
FRIDAY, NOVEMBER 7, 1997 AT 10:00 A.M.
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CALIFORNIA

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AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - **October 14 Special Commission Meeting**
   - **October 22 Special Commission Meeting**

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Approval of leases with Hornblower Yachts, Inc. at Piers ½, 3, 31-½ and of amendment to lease with Ferryboat Santa Rosa Partners, Ltd. at Pier 3. (Resolution No. 97-96)

   B. Approval of Lease with Kelly's Mission Rock, LLC, a California Limited Liability Company, for lease of Mission Rock Resort Restaurant located at 817 Terry Francois Boulevard. (Resolution No. 97-97)

   C. Approval of amendment to policy for payment of broker's commission. (Resolution No. 97-98)

6. **FACILITIES & OPERATIONS**

7. **PLANNING & DEVELOPMENT**

8. **FINANCE AND ADMINISTRATION**

9. **CONSENT CALENDAR**

10. **NEW BUSINESS / PUBLIC COMMENT**

11. **EXECUTIVE SESSION**

SAN FRANCISCO
PORT COMMISSION

SPECIAL MEETING – (Please note the date and time of the meeting)
FRIDAY, NOVEMBER 7, 1997 AT 10:00 A.M.
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CALIFORNIA

ADDENDUM TO THE AGENDA

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11. EXECUTIVE SESSION

B. PUBLIC EMPLOYEE EVALUATION

1) Douglas F. Wong, Executive Director

An executive session to discuss this matter is specifically authorized under California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b).

C. Vote in open session on whether to disclose any or all Executive Session discussions. [S.F. Admin. Code Sec. 67.14(a)]

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142.

There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting. Please contact Kevin Jensen at (415) 274-0555. Late requests will be honored if possible.

- American Sign Language Interpreters
- A Sound Enhancement System
- Large Print of the Agenda
- The use of a reader during the meeting
- Minutes of the Meeting in Alternative Formats

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

A. CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS:

1) Discuss existing litigation matter pursuant to subdivision (a) of California Government Code Section 54956.9 (one case)

Kraal v. CCSF; USDC, Northern District of California No. C-96-4387 FMS

2) Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (2 cases).

B. Vote in open session on whether to disclose any or all Executive Session discussions. [S.F. Admin. Code Sec. 67.14(a)]

12. ADJOURNMENT

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PORT OF SAN FRANCISCO

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Writer

MEMORANDUM

October 28, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James R. Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of leases with Hornblower Yachts, Inc. at Piers ½, 3, 31½, and approval of amendment to lease with Ferryboat Santa Rosa Partners, Ltd. at Pier 3.

DIRECTOR'S RECOMMENDATION: APPROVE LEASES AND LEASE AMENDMENT

BACKGROUND

Hornblower Yachts, Inc and Ferryboat Santa Rosa Partners, Ltd.

Hornblower Yachts, Inc. ("Hornblower"), whose corporate headquarters are located at Pier 3, has operated dining yacht excursions from Port property since 1980. During the 1996/97 Fiscal Year, Hornblower generated gross sales of $6,059,113 from the excursions that it operates under agreements with the Port, and paid $537,489 of total rent to the Port, including $275,021 of percentage rent in excess of base rent. Hornblower was thus the second highest volume excursion operator on Port property (after Red & White Fleet). It also produced the third highest revenue to the Port among its maritime businesses (after San Francisco Drydock and Red & White Fleet) and the 12th highest revenue among all businesses on Port property.

THIS PRINT COVERS CALENDAR ITEM NO. 5A

In addition, Hornblower, which also operates excursions in Berkeley, Oakland, San Diego, Newport Beach, Marina del Rey, and Lake Tahoe, is recognized as the highest volume dining excursion operator in the Western United States. Hornblower is also involved with ferry service and excursion operations outside of the Western United States in New York, Connecticut, Florida, Indiana and Mississippi.

Despite being one of the top revenue producers for the Port, Hornblower has only been a month-to-month tenant of the Port, occupying spaces spread out from Pier 33 to Pier 26 under 6 different tenancy agreements. Among the premises demised in these existing agreements, Hornblower only berths passenger vessels and loads and unloads passengers from the premises it leases at Pier 31½. Because of the limited landing berth capacity at Pier 31½, Hornblower also loads and unloads passengers at other sites, such as South Beach Marina, which results in reduced revenues to the Port. (By comparison, while Hornblower has only two landing berths on premises it leases from the Port, Blue & Gold now has eight berths, Red & White now has three berths, and Pacific Marine Yachts at Pier 39 has four berths.)

The owner of Hornblower is also the principal of Ferryboat Santa Rosa Partners, Ltd. ("FSRP"), which owns the *Ferryboat Santa Rosa* that is berthed at Pier 3 under Port Lease No. L-10421 (**"Santa Rosa Lease"**). This lease, which is for 10,000 sq. ft. of open pier space plus adjacent water space, has a remaining term of approximately 15 years, expiring October 31, 2012. The current monthly base rent is $3,143.40 versus 10% of gross revenues received from sub-tenants. The permitted uses are offices, museum uses, and meeting and banquet facilities. Currently, the only sub-tenant is Hornblower, which uses the *Ferryboat Santa Rosa* for its offices, and the gross revenue received by FSRP (which is at market) results in no percentage rent being due the Port in excess of base rent. FSRP also leases 1,200 sq. ft. of additional space on Pier 3 for $296.26 per month for parking under month-to-month Lease No. 11481. The total base rent paid to the Port by Hornblower and FSRP therefore equals approximately $25,312 per month, or $303,743 per year. With percentage overage rent, the total rent paid to the Port by Hornblower and FSRP currently amounts to approximately $578,765 per year.

Hornblower desires to consolidate its operations closer to the Financial District at Piers ½ and 3, redevelop these piers into a consolidated facility, and to commit to a longer term tenancy similar to that of FSRP. This consolidation will enable Hornblower to enhance and expand its operation and to be positioned to better serve its market, which is not based upon tourists, but rather local businesses, conventions, and Bay Area residents. In addition, the *America One* syndicate--the America's Cup challenge sponsored by the St. Francis Yacht Club -- desires to incorporate its sailboat racing compound into this consolidated Hornblower facility, including utilization of the *Ferryboat Santa Rosa.*

Port's Excursion Policy

On October 28, 1992, the Port Commission approved the Policy for Accommodating Additional Excursion Boats at the Port of San Francisco (Resolution No. 92-112). This policy established rental guidelines for Port staff to negotiate excursion vessel leases, including percentage rents equal to 5% to 7% of gross receipts. This policy also identified Piers 3 and 9 as suitable locations for accommodating excursion vessel facilities, and allowed for the direct negotiation of leases with excursion operators. The policy also directed Port staff to announce the availability of leases for basing and operating excursion vessels. This announcement was made, including extensive outreach to potential tenants, but only Hornblower expressed interest. Another outreach program pursuant to this policy was conducted in 1995 to excursion operators both currently operating from Port property and from other sites on the West Coast, and again only Hornblower responded with interest for such a Central Waterfront location.

Exclusive Right to Negotiate Agreement

At its May 27, 1998 meeting, the Port Commission approved by Resolution 97-41 an Exclusive Right to Negotiate Agreement with Hornblower for leases at Pier ½ and Pier 3. The proposed leases would enable Hornblower to develop a consolidated facility at Piers ½ and 3, and the fundamental terms proposed for the leases were outlined in the memorandum accompanying that resolution. This Exclusive Right to Negotiate Agreement was executed on May 27, 1997.

Piers ½ and 3

Pier ½ is currently the site of the Port's public ferry landing. The planned Downtown San Francisco Ferry Terminal, whose construction is scheduled to commence in 1998, will create two (North and South) public ferry landings. The North Landing will be located south of the existing Pier ½ landing, and the existing float and ramp at Pier ½ will be relocated to this North Landing. As a result, the existing finger pier and walkway at Pier ½ will no longer be needed as a public ferry landing site, and Hornblower proposes to lease these facilities.

Pier 3 was built in 1915, and it is now a Category II Pier, meaning that its substructure is significantly deteriorated. It is now primarily used for berthing the *Ferryboat Santa Rosa* and for support facilities for the *Ferryboat Santa Rosa* and for Hornblower operations. It is also now used temporarily for general parking, but pursuant to the BCDC permit for Pier 3, this general parking must be eliminated upon completion of the Waterfront Transportation Project. Alternative uses for this pier are very limited because most changes of use could trigger seismic upgrade requirements, whose cost would be prohibitive due to the poor condition of the substructure. Hornblower and FSRP propose to lease all of Pier 3 except the bulkhead office buildings.

PROPOSAL

By consolidating its operations and developing new facilities at Piers ½ and 3, Hornblower will be able to better serve its customers and expand its business. This consolidation and redevelopment will also give it additional excursion berthing capacity, accommodating a greater number and variety of excursion vessels. It will also provide operational efficiencies from having all support facilities in proximity to its excursion berths, including catering facilities, storage, and administrative, ticketing and operations offices.

A fundamental component of this consolidation is berthing the 183 ft. *California Hornblower* at Pier ½, where it would be very visible and accessible from The Embarcadero and the Financial District, which would achieve important goals of Hornblower and the Port. A second fundamental component would be the provision of parking at Pier 3 to support this maritime activity, replacing the parking Hornblower currently has at Pier 31½. A third fundamental component is the ability to combine maritime excursions from Pier 3 with the banquet and meeting facilities on the *Ferryboat Santa Rosa.* A final fundamental component is the development of an exciting venue for the *America One* America's Cup challenge on Pier 3, which would depend upon the utilization of the *Ferryboat Santa Rosa* and the improvements to be made to the pier by Hornblower.

During the term of the Exclusive Right to Negotiate Agreement, the City Office of Environmental Review completed its California Environmental Quality Act review of the project involving the proposed leases for Piers ½ and 3, and granted a categorical exemption. A copy of the Certificate of Determination of Exemption, containing the environmental analysis, is enclosed as Attachment B. Hornblower and Port staff also completed the final negotiations on the proposed leases and lease amendment. The terms and conditions of the proposed new leases for Piers ½ and 3, are summarized below. The proposed revisions to the Santa Rosa lease and the proposed terms of a new interim lease at Pier 31½ until Hornblower relocates to Pier ½ are also summarized below. The boundaries of the proposed premises at Piers ½ and 3 are shown on Attachment A.

Leases for Piers ½ and 3

The proposed leases for Piers ½ and 3 constitute a single transaction, but will take the form of a separate lease for each facility because the terms and conditions regarding the two facilities differ somewhat, as outlined in the following table. Combining the transaction into one document would therefore be cumbersome and difficult to administer.

Leasing Parameter	Proposed Pier ½ Lease	Proposed Pier 3 Lease
Lease No.	L-12391	L-12175
Premises	Approximately 5,299 sf of open pier space, plus a revocable license for 4,532 sf of open pier space, and exclusive berthing rights to 66,471 sf of water area, as shown on Attachment A.	Approximately 71,669 sf of open pier space, and 11,044 sf of open shed space, plus exclusive berthing rights to 100,151 sf of water area, as shown on Attachment A.
Term Commencement Date	Term shall commence on the first day of the calendar month after all of the following have occurred: (1) Port relocates float and ramp from Premises; (2) issuance of BCDC permit; and (3) issuance of building permit. Lease terminable if Port does not remove float and ramp by July 1, 2002, or if conditions (2) and (3) not satisfied within 180 days of condition (1).	Term shall commence on the first day of the calendar month after both of the following have occurred: (1) issuance of BCDC permit; and (2) issuance of building permit. Lease terminable if conditions not satisfied by July 1, 1998.
Term Expiration Date	October 31, 2012 (same expiration date as for Santa Rosa Lease).	Same.
Base Rent	$18,024.00 (same as for existing License No. 11165 for Pier 31½), with annual CPI increases.	$11,647.00 ($0.14 per sf based upon pier and shed area), with annual CPI increases.
Percentage Rent	(1) 7% of gross receipts for boat rental, tickets, beverage, food, and photo services on Premises or on vessels landing, or loading or unloading passengers at Premises; and (2) 10% of all commissions on ticket sales for excursions not operated by Tenant and not originating from Premises. Percentage rent rates subject to adjustment every 5 years. Gross receipts exclusions include pass-throughs for buses and entertainment, gratuities, and landing fees to State of California and National Park Service.	(1) 6% of gross receipts for boat rental, tickets, beverage, food, and photo services on Premises or on vessels landing, or loading or unloading passengers at Premises; and (2) 10% of all commissions on ticket sales for excursions not operated by Tenant and not originating from Premises; (3) 66% of parking receipts after parking taxes; and (4) 9% of retail merchandise sales on Premises. Percentage rent rates subject to adjustment every 5 years. Gross receipts exclusions include pass-throughs for buses and entertainment, gratuities, and landing fees to State of California and National Park Service.

Leasing Parameter	Proposed Pier ½ Lease	Proposed Pier 3 Lease
Additional Percentage Rent	Gross Receipts from home berthed vessels with casual landings at other sites on Port property shall be included in the gross receipts used to calculate the percentage rent under this lease.	Same.
Permitted Uses	(1) Passenger loading and unloading and berthing passenger vessels, limited to types of maritime excursion operations and common carrier ferry service and support facilities permitted by law as of the lease date; (2) photo services, and ancillary retail sale of Tenant merchandise on-board vessels; and (3) ticket office for operations of Tenant and subtenants of Tenant.	(1) Passenger loading and unloading and berthing passenger vessels, limited to types of maritime excursion operations and common carrier ferry service and support facilities permitted by law as of the lease date; (2) ticket office for operations of Tenant and subtenants of Tenant; (3) compound or compounds to be utilized by racing sail boats; (4) ceremonial berthing of sail boats and historic vessels; (5) catering uses; (6) maritime offices; (7) photo services and sale of retail merchandise directly related to maritime activities located on the Premises; (8) special events (subject to Port approval in each instance); and (9) parking to support maritime operations and activities.
Other Use Requirements	A minimum of two passenger vessel shall be home berthed at Premises, and the certified capacity of one such vessel shall not be less than 1,000 passengers. Tenant shall coordinate the operation of its vessels with the operation of passenger vessels at the adjacent SF Downtown Ferry Terminal.	A minimum of two passenger vessel shall be home berthed at Premises, and the certified capacity of all passenger vessels home berthed at the Premises shall be at least 450 passengers. Tenant shall accommodate the reasonable space needs of at least one America's Cup challenge syndicate. Tenant shall also accommodate up to 100 monthly parking spaces Monday - Friday for other maritime businesses, and shall provide parking for other businesses on Port property to the extent it does not interfere with parking in support of Tenant's maritime operations and activities.

Leasing Parameter	Proposed Pier ½ Lease	Proposed Pier 3 Lease
Maintenance and Repairs	Tenant responsible for all maintenance and repairs including pier substructure.	Tenant responsible for all maintenance and repairs except pier substructure. Neither party responsible for pier substructure, but either party may make pier substructure repairs.
Improvements and Alterations	Tenant accepts in an "as is" condition, except Port to remove float and ramp. Tenant shall construct berthing improvements, and shall be granted a rent credit for 50% of the cost of berthing improvements. Said rent credit shall not exceed $500,000, and may be taken on a monthly basis against the portion of Percentage Rent in excess of 6% of gross receipts.	Tenant accepts in an "as is" condition. By January 1, 2001, Tenant shall construct berthing improvements, and shall be granted a rent credit for 50% of the cost of berthing improvements. Said rent credit shall not exceed $500,000, and may be taken on a monthly basis against the portion of Percentage Rent in excess of 5% of gross receipts.
Insurance	Tenant shall maintain Protection and Indemnity Insurance (Watercraft Liability) with a limit of not less than $5 Million.	Tenant shall maintain (1) Protection and Indemnity Insurance (Watercraft Liability) with a limit of not less than $5 million, and (2) Garage Keeper's Legal Liability Insurance with limits of not less than $1 million.
Assignment and Subletting	Port shall be due 75% of any profits that Tenant receives from any subletting.	Same.
Parking on Pier 1	Subject to certain conditions and certain termination rights of the Port Tenant to have the non-exclusive right to use Pier 1 for customer parking during non-peak hours, administered either by Port parking concessionaire, or by Tenant under a licenses for specific dates whereby Port will receive fee equal to 66% of parking receipts after parking taxes.	Same.
Emergency Use	Tenant shall cooperate to make landing facilities available for common carrier service in the event of an emergency requiring use of Premises.	Same.

Leasing Parameter	Proposed Pier ½ Lease	Proposed Pier 3 Lease
Port Right to Temporarily Relocate Tenant	Subject to certain conditions, if the Port undertakes the development of Pier ½, Pier 1 or the Ferry Building, the Port shall have the right to temporarily relocate Tenant to location within the Downtown Ferry Terminal area or to another pier north of Pier ½.	Not applicable.
Port Right to Permanently Relocate Tenant	Subject to certain conditions, if the Port undertakes the development of Pier 1, the Port shall have the right to permanently relocate Tenant to location within the Downtown Ferry Terminal area or to another pier north of Pier ½.	Not applicable.
Termination Rights of Port	(See Term Commencement Date above.)	Port to have right to terminate Lease, if by January 1, 2001, Tenant fails to either, (1) substantially complete berthing improvements, (2) commence passenger loading and unloading at Premises, or (3) home berth passenger vessel(s) as required by Lease. (Also, see Term Commencement Date above.)
Termination of Tenancy at Pier 31½	The parties acknowledge that the Port intends to terminate Tenant's tenancy at Pier 31½ following the commencement of operations by Tenant at Premises.	Not applicable.
City Requirements	Comply with all city requirements, including non-discrimination and equal benefits ordinances.	Same.

Santa Rosa Lease Amendment

Concurrent with this transaction, Port staff proposes to amend the Santa Rosa Lease to clarify and update some economic provisions and to update certain legal provisions. The amendments to the economic provisions which have been negotiated are as follows:

(1) Revise the boundaries of the Premises so that they coincide with the space actually used by FSRP and the boundaries of the proposed new lease with Hornblower for Pier 3, as shown on Attachment A.

(2) Revise the Percentage Rent so that it is calculated based upon 10% of sublease revenues for office and museum uses, and 6% of gross receipts from boat rental, tickets, beverages, and food. However, rental from office space used by Tenant or an affiliate involving maritime activities on Port property may be excluded from sublease revenues.

(3) Expand the permitted use of the Premises to consist of: (a) museum; (b) maritime offices and general office uses; (c) meeting room and banquet facilities, including sale of food and beverages; (d) catering uses; (e) passenger loading and unloading and berthing passenger vessels; and (f) ancillary sale of retail merchandise on board vessels directly related to maritime activities located on Premises or adjacent pier.

(4) Add that failure to continue berthing the *Ferryboat Santa Rosa* on the Premises shall allow Port to terminate the Santa Rosa Lease.

Interim Lease for Pier 31½

Port staff and Hornblower have negotiated an interim lease for the premises that Hornblower currently occupies at Pier 31½ under License No. 11165, until Hornblower relocates to Pier ½. The fundamental provisions of this new Lease No. L-12501, as compared to the existing license are as follows:

Leasing Parameter	Current License No. 11165	Proposed Lease No. L-12501
Document	License	Standard Port Lease
Term	Month-to-month.	Five years, commencing November 1, 1997; provided, however, Port shall have the right to terminate following the commencement of operations by Hornblower at Pier ½ Premises (pursuant to proposed Lease No. L-12391).
Base Rent	$18,024.00, with annual CPI adjustments.	Same.
Percentage Rent	7% of gross receipts from boat rental, tickets, beverages, and food; 75% of gross receipts from parking after parking taxes, less a $4,000 per month credit for operating expenses.	6% of gross receipts for boat rental, tickets, beverages, and food; 66% of gross receipts from parking after parking taxes.

Analysis

The Port will receive the following benefits from this proposed transaction:

(1) It converts from a month-to-month tenancy to a longer term lease commitment the maritime business which produces the 3rd highest revenue to the Port among its existing maritime businesses and which produces the 12th highest revenue among all businesses on Port property. This longer term will enable Hornblower to amortize the costs to improve its facilities, and to secure financing to acquire new vessels.

(2) It consolidates and expands the operations and facilities of Hornblower so that it can operate more efficiently and can better serve its customers, which will enable Hornblower to expand its business, producing more revenue for the Port. Based upon the business plan prepared by Hornblower, the percentage rent generated by Hornblower and FSRP at the consolidated Pier ½ and Pier 3 facilities is projected to increase by $300,000 - 350,000 per year within three years after completion of its improvements, representing a 59 - 69% increase in revenues to the Port from Hornblower.

(3) It creates a compound for San Francisco's *America's One* America's Cup challenge.

(4) It protects the existing base rent from Pier 3, and provides for the redevelopment of this pier. When the Waterfront Transportation Project is completed, the BCDC permit for Pier 3 requires that it no longer be used for general parking purposes, which currently constitutes 55% of the Port revenue from Pier 3. Based upon the condition of the pier, there are very limited uses available for this pier.

(5) It provides for the redevelopment of the Pier ½ finger pier, which will be vacated when the Port relocates the public ferry landing to the Downtown San Francisco Ferry Terminal. The base rent currently being paid by Hornblower at Pier 31½ will then be transferred to Pier ½, and this facility near Fisherman's Wharf would then be available to rent to a new user.

(6) The proposed uses conform with the general goals stated in the *Waterfront Plan* and with the specific uses proposed in this plan for Piers ½ and 3. Due to the poor condition of Pier 3, the proposed uses also represent the most intensive feasible use of this pier.

Prepared by: Kirk W. Bennett, Sr. Property Manager, Northern Waterfront/Fisherman's Wharf

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-96

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Hornblower Yachts, Inc. ("Hornblower") proposes to lease premises at Piers ½ and 3 (collectively the "Site") for a consolidated maritime excursion facility, and proposes to enter into an interim lease at Pier 31½ (which it currently leases on a month-to-month basis) until Pier ½ is ready for its occupancy; and

WHEREAS, pursuant to Port Commission Resolution No. 97-41, adopted May 27, 1997, the Port and Hornblower entered into an Exclusive Right to Negotiate Agreement for proposed Port Leases No. L-12391 and L-12175 for premises located at Piers ½ and 3 (collectively the "Site") for a consolidated maritime excursion facility, and pursuant to this Exclusive Right to Negotiate Agreeemnt, Port staff and Hornblower have reached agreement on the terms of the said leases for the Site, and

WHEREAS, Port staff and Hornblower have reached agreement on the terms of an interim Port lease No. L-12501 for premises at Pier 31½ (which Hornblower currently leases on a month-to-month license) until the premises at Pier ½ are ready for its occupancy, and

WHEREAS, Port staff and Ferryboat Santa Rosa Partners, Ltd. (an affiliate of Hornblower) have reached agreement on the terms of an amendment to Port Lease No. L-10421 for premises located at Pier 3 to make said lease compatible with the proposed leases with Hornblower for the Site;

WHEREAS, Hornblower is a distinctive maritime operation with unique leasing needs, and it is therefore impractical and unfeasible to bid these leases; and

WHEREAS, the Port Commission has determined that, based upon Port Resolutions 80-95 and 92-112 and the facts set forth in the Memorandum for Port Resolution No. 97-41, direct negotiation of these leases with Hornblower is appropriate; and

WHEREAS, based upon the analysis set forth in the Certificate of Determination of Exemption/Exclusion, File No. 97.383E, dated August 18, 1997, prepared by the City Planning Department's Office of Environmental Review, a copy of which is on file with the Port Commission Secretary for this item, the proposed project could not have a significant effect on the environment and is, therefore, exempt from review under the California Environmental Quality Act; and now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby approves Port Leases Nos. L-12391, L-12175, and L-12501 between the Port and Hornblower and hereby approves the amendment to Port Lease No. 10421, between the Port and Ferryboat Santa Rosa Partners, Ltd., which incorporates the business terms set forth in the Memorandum for Agenda Item 5A for the Port Commission meeting on November 7, 1997, and which are substantially in the form on file with the Secretary of the Port Commission for said agenda item, and the Port Commission authorizes the Executive Director of the Port, or his designee, to execute said leases and lease amendment in such final form as is approved by the City Attorney.

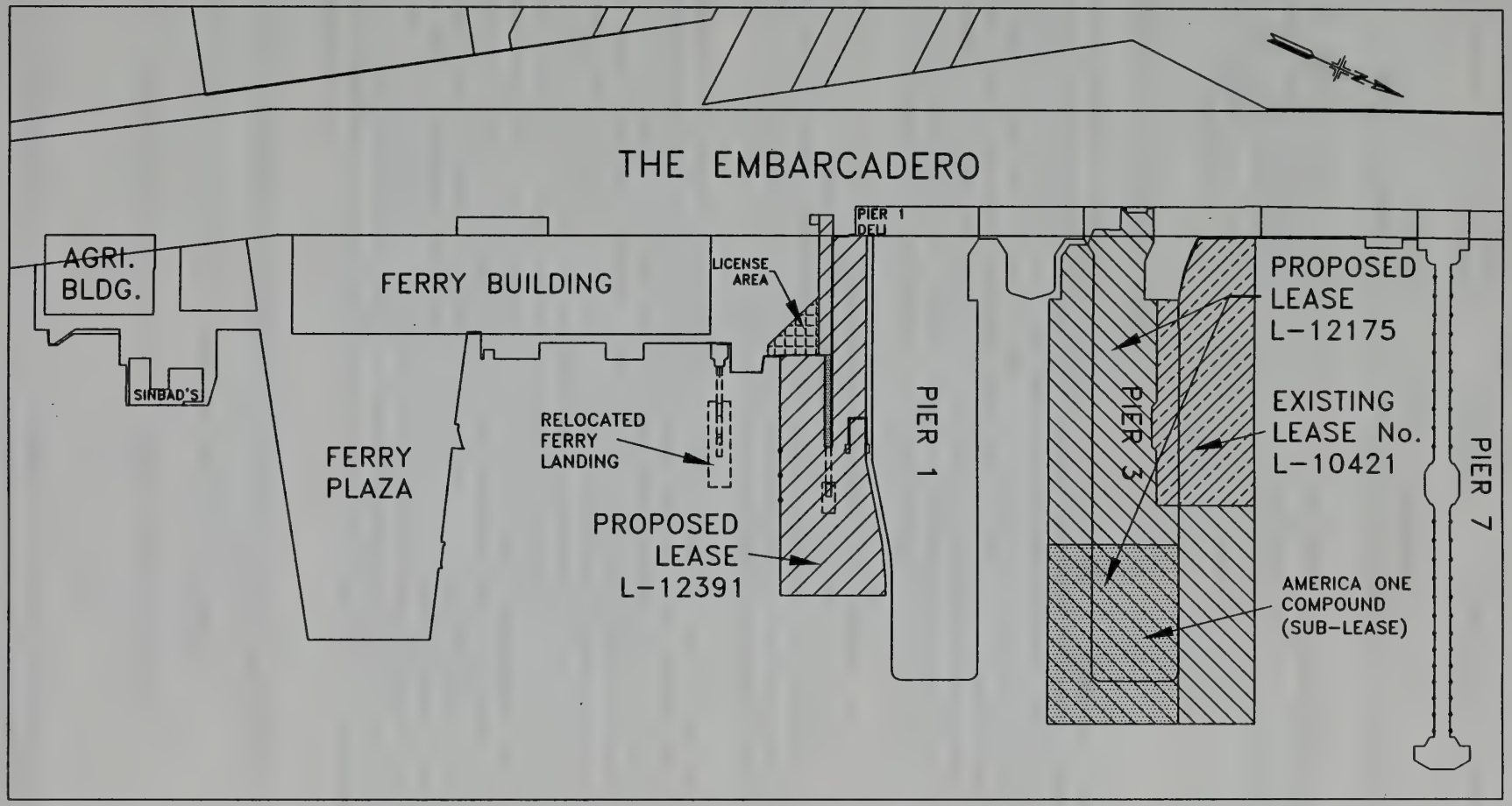
I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 7, 1997.

_____

Secretary

G:\WP51\AGENDAS\HORNBLOW.KB\ibn\October 28, 1997
WordPerfect

ATTACHMENT A



LOCATION PLAN

	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO	TENANT: PIER 1/2 – PIER 3 HORNBLOWER YACHTS, INC. FERRYBOAT SANTA ROSA PARTNERS, LTD.	DRAWN BY: G. DUDLEY — DATE: OCT 23, 1997 CHECKED BY: — SCALE: PLACE CODE NO. 1030-0-0000 — SHEET NO. OF SHEETS

Lease Exhibit Title Block: L11X17L

ATTACHMENT B

PLANNING DEPARTMENT

City and County of San Francisco 1660 Mission Street San Francisco, CA 94103-2414

(415) 558-6378 PLANNING COMMISSION FAX: 558-6409 ADMINISTRATION FAX: 558-6426 CURRENT PLANNING/ZONING FAX: 558-6409 LONG RANGE PLANNING FAX: 558-6426

CERTIFICATE OF DETERMINATION OF EXEMPTION/EXCLUSION FROM ENVIRONMENTAL REVIEW

Project Title : 97.383E - Piers 1/2 and 3; Lease Piers for Vessel Boarding, Vessel Berthing, Sailing Support Facility, and Parking

Location : Pier 1/2, northeast of the Ferry Building; Pier 3, on the Embarcadero at the foot of Jackson Street

City and County : San Francisco

Description of Nature and Purpose of Project :

The project site encompasses Piers 1/2 and 3 along the San Francisco Waterfront, on Assessor's Block 9900, Lots 1 and 3, respectively, in a C-2 (Community Business) Zoning District of the Financial District. The proposed project involves interim leasing of both piers by Hornblower Yachts, Inc. after Phase I and before Phase II of the separate San Francisco Downtown Ferry Terminal Project is constructed. Phase I of the Ferry Terminal Project involves relocating the existing North Commuter Ferry Terminal float and access ramp on Pier 1/2 about 150 feet to the south to become the new North Commuter Ferry Terminal, and removing the southern portion of the Pier 1/2 deck and piles to enable reconstructing seismically safe access to nearby ferry berths. Phase II of the Ferry Terminal Project involves removing the remaining portion of Pier 1/2 and adding excursion vessel berths along the southern side of Pier 1 to the north.

Hornblower Yachts, Inc. would add a replacement float to the remaining Pier 1/2 walkway, and the structure would be leased for boarding two excursion vessels, a 183-foot vessel with a capacity of 800 persons and a 145-foot vessel with a capacity of 300 persons. Both vessels would operate on two dinner excursions on four to seven nights per week. The larger vessel would operate on one Sunday brunch excursion, and the smaller vessel would operate on one or two lunch excursions per week. Average occupancy of the vessels on these excursions is estimated to be one-half capacity.

Pier 3 would be leased for temporary parking for passengers boarding vessels on Pier 1/2 and as a support base for AmericaOne sailing operations. The support base would contain an office and reception area in the existing building of 20 x 50 feet in the southwestern quadrant of the pier, and the following new spaces/structures: a) space for berthing two 75-foot yachts and two 30-foot tender boats (rubber water craft) in the water area along the southeastern side of the pier, b) three 12 x 60-foot floating docks in the water area along the southeastern side of the pier to allow loading and unloading of yachts, and up to eight temporary wooden piles installed occasionally to fender the floats; c) a hospitality area in the northeastern quadrant of the pier, comprised of a removable deck structure of 20 x 40 feet on top of two storage containers of 300 square feet, with an overall height of 20 feet; d) a workshop and storage area in the center of the pier, comprised of four 40-foot containers of 1,300 square feet for gear storage and light yacht maintenance; e) a lifting pen, comprised of an "A' frame with a winch resting on four cylindrical steel piles, used to lift yachts for dry storage; f) a chainlink fence enclosing an area of about 18,000 square feet around the yacht handling area (i.e., the proposed lease area excluding the office and reception area); g) an unenclosed retail space of about 500 square feet in the yacht handling area for sale of AmericaOne souvenirs; and h) in the remaining area of the pier (excluding the fenced area leased by Pacific Golden Gate Ferries, Ltd.), about 120 parking spaces and an area open to the general public for viewing activities in the yacht handling area.

Name of Person, Board, Commission or Department Proposing to Carry Out Project :

Port of San Francisco (owner); Craig McCabe, Hornblower Yachts, Inc. (Applicant)

EXEMPT STATUS : General Rule Exclusion [State Guidelines, Section 15061(b)(3)].

REMARKS :

The project site is located within the jurisdiction of the Bay Conservation and Development Commission (BCDC) and U.S. Army Corps of Engineers (COE). BCDC's jurisdiction at this location includes the waters of San Francisco Bay up to the mean high water shoreline, and the line 100 feet upland and parallel to the shoreline (i.e., 100-foot shoreline band). COE's jurisdiction at this location includes navigable waters of the United States - waters that are subject to the ebb and flow of the tide shoreward to the mean high water mark and/or are presently used or have been used in the past to transport interstate or foreign commerce. BCDC would require a permit for placing fill (floating docks and wooden piles along Pier 1/2) in the Bay and placing structures within the 100-foot shoreline band (on Pier 3), and COE would require a permit for all structures (floating docks and wooden piles along Pier 1/2) and work (constructing floating docks and installing wooden

piles) in the Bay. These permits would include conditions for constructing and operating the proposed project that would reduce potential adverse impacts to biological resources, water circulation and quality, and to maintain public access and public safety.

The proposed boarding of two excursion vessels on Pier 1/2 currently takes place on Pier 33, about one mile to the northwest, along The Embarcadero at the foot of Bay Street. The proposed excursion operations would not increase or decrease compared to the existing excursion operations at Pier 33. Therefore, the proposed project would represent the relocation of an existing excursion vessel boarding operation - the same vessels would operate in the Bay, but board at a different location.

Under the proposed project, Pier 1/2 would receive less intensive use for vessel boarding. Pier 1/2 is currently used as the North Commuter Ferry Terminal, handling about 3,760 passengers per day. Under the proposed project, Pier 1/2 would handle about 1,500 passengers per day of greatest use (i.e., on a day with two dinner, one lunch, and one brunch excursion). Phase I of the Ferry Terminal Project includes removing and relocating the ferry terminal to a nearby location where it would receive similar or greater use. The proposed project would be implemented after Phase I of the Ferry Terminal Project is constructed, and as such would represent a less intensive use of Pier 1/2. As the ferry terminal would be relocated and not removed, Phase I of the Ferry Terminal Project, combined with the proposed project, would result in an areawide increase in excursion vessel boarding facilities and intensity on an interim basis, until the remaining portion of Pier 1/2 is removed under Phase II of the Ferry Terminal Project.

The Ferry Terminal Project includes the proposed excursion vessel boarding operations by Hornblower Yachts, Inc. on the southern side of Pier 1, which is adjacent to and within 50 feet of Pier 1/2. The environmental impacts of the Ferry Terminal Project are addressed in a Draft Environmental Assessment and Negative Declaration published July 5, 1997, which finds that the Ferry Terminal Project would not have a significant impact on the environment. A Final Negative Declaration was issued August 7, 1997, and a Finding of No Significant Impact under NEPA will be issued by August 30, 1997.

The float added to Pier 1/2 would be a replacement float for the existing North Commuter Ferry Terminal float. The number of parking spaces proposed on Pier 3 is about 30 parking spaces less than the existing parking spaces on Pier 3. The support base for AmericaOne sailing operations proposed on Pier 3 would be temporary and removed after a period of about three years.

The proposed project involves placing about 2,300 square feet of new floating bay fill - three 12 x 60-foot floating docks and eight wooden piles - along the southeastern side of Pier 3. BCDC would not consider the two 75-foot yachts as bay fill because they would not be permanently moored, and would be used for sailing about 6-8 hours per day and lifted for dry storage when not in use. BCDC permits a relatively small amount of new bay fill, less than 2,500 square feet, under its more simple and expedient regionwide permitting process. This process recognizes that minor new fill is unlikely to result in adverse environmental impacts or be a regulatory concern. The proposed project just exceeds the threshold for Categorical Exemption from CEQA. Categorical Exemption Class 2 exempts replacement or reconstruction of existing structures where the new structure will be located on the same site and have substantially the same capacity as the structure replaced (replacement float for the North Terminal float on Pier 1/2 in the case of the proposed project). Categorical Exemption Class 3 exempts construction and location of limited numbers of new, small facilities or structures (the three floating docks in the case of the proposed project) as an appurtenant structure to an existing facility (existing Pier 3 in the case of the proposed project).

As the proposed project represents relocation of a use from another waterfront location and less intensive use of one pier, is near the threshold for a CEQA Categorical Exemption, and is considered minor new bay fill by BCDC, it can be seen with certainty that the proposed project could not have a significant effect on the environment.

Contact Person : Lisa D. Posternak 415- 558-6384

Date of Determination: 8/18/97

I do hereby certify that the above determination has been made pursuant to State and Local requirements.

HILLARY E. GITELMAN
Environmental Review Officer

cc: Robert Passmore
Port of San Francisco - Dan Bell
Craig McCabe, Hornblower Yachts, Inc.
Bulletin Board
Master Decision File
Exemption/Exclusion File

PORT OF SAN FRANCISCO

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Writer

MEMORANDUM

October 30, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie Lee
Hon. James R. Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Lease with Kelly's Mission Rock, LLC, a California Limited Liability Company, for lease of Mission Rock Resort Restaurant located at 817 Terry Francois Boulevard

DIRECTOR'S RECOMMENDATION: APPROVE LEASE

BACKGROUND

On April 23, 1996, the Port Commission adopted Resolution No.96-33, which authorized Port staff to issue a Request for Proposals ("RFP") for lease of the Mission Rock Resort restaurant located at 817 Terry Francois Boulevard (Attachment A). The RFP was issued on May 13, 1996, amended September 25, 1996 and further amended on November 5, 1996.

Port staff then determined that James V. Kelly submitted the best proposal, and on May 27, 1997 the Port Commission adopted Resolution No. 97-42 awarding an exclusive right to negotiate to James V. Kelly. The terms of the Exclusive Right to Negotiate Agreement were set forth in Attachment B to the agenda summary for the May 27, 1997 Commission meeting.

The purpose of the Exclusive Right to Negotiate Agreement was (1) to allow the parties to finalize all the terms and conditions of a lease with the entity to be created by Mr. Kelly and his partners for the restaurant premises; and (2) to allow the project to undergo review by the City Office of Environmental Review under the California Environmental Quality Act ("CEQA"). Once CEQA review was completed, and the parties had successfully negotiated the lease agreement, the transaction was to be calendared for Port Commission consideration.

THIS PRINT COVERS CALENDAR ITEM NO. **5B**

Port staff and James Kelly have completed negotiations of all lease terms in accordance with the Exclusive Right to Negotiate, and a copy of the lease, executed by Mr. Kelly, is in the file. The City Office of Environmental Review has reviewed the project under CEQA and determined that it is categorically exempt from environmental review. A copy of the Categorical Exemption is attached hereto as Attachment B. Accordingly, Port staff respectfully requests the Port Commission to approve the lease. The material lease terms are summarized below:

Tenant: Kelly's Mission Rock, LLC, a California Limited Liability Company, a new entity created by Mr. Kelly and his partners, of which James V. Kelly is the Manager and President.

Premises: The site located at 817 Terry Francois Boulevard, San Francisco, presently known as the Mission Rock Resort Restaurant, consisting of a building comprising approximately 3,500 square feet on two levels; approximately 2,500 square feet of deck area; and approximately 4,000 square feet of paved land adjacent to the building.

Marina: The marina will not be part of the Premises, but Tenant will have a right of first refusal to re-construct and operate the marina.

Uses: The Premises will be used for the operation of a public restaurant offering full service dining, casual dining, entertainment and retail space for sale of souvenir items.

Lease Term: Fifteen (15) years, plus two five-year options. The Lease will commence upon approval by the Board of Supervisors and the issuance of a BCDC permit.

Base Rent:

Monthly	Annual
$9,888.00	$118,656.00

Base Rent will be adjusted annually by the CPI. On the 5th and 10th anniversary dates, it will be adjusted to the greater of (i) an amount which equals sixty percent (60%) of the average monthly Rent (including Percentage Rent) paid during the previous 36 months, or (ii) the annual cost of living increase according to the CPI. During the option periods, Base Rent will be adjusted to the then current full fair market rental value, as determined by Port, based on a survey of rental rates for comparable San Francisco restaurants.

Percentage Rent:

Full service dining:	7.0% of gross receipts
Casual Dining:	9.0% of gross receipts
Retail/Other Sales:	9.0% of gross receipts

During the option periods, Percentage Rent will be adjusted to the then current full fair market rental value, as determined by Port, based on a survey of percentage rental rates for comparable San Francisco restaurants.

Rent Abatement: Tenant shall be entitled to abate the Base Rent for six (6) months at the beginning of the Term for the purpose of installing improvements. If Tenant is unable to construct improvements during this six-month period due to inclement weather, rent will be further abated, up to three months, for each day of delay.

Tenant Improvements: Tenant is obligated to make certain improvements to the restaurant facility and to expend a minimum of $533,755.00 for these improvements, in accordance with plans and specifications approved in advance by Port. A Scope of Work and preliminary design plans are attached to the Lease as Exhibits C and D.

Hazardous Materials Remediation: As per Sections III.H. and IV.A. of the RFP, which, in brief, states, that if the cost to remediate hazardous materials in the soil exceeds $65,000, either party may terminate the lease; if the cost is $30,000 or less, Port and Tenant will split the cost equally; if the cost is between $30,000.01 and $65,000, Tenant's share will not exceed $15,000, and the Port will be responsible for the remainder; total cost of remediation to be paid initially by Tenant with reimbursement given through rent credits over term of lease until paid.

Utilities, Services and Taxes: Tenant will be responsible for all utilities, services and possessory interest taxes.

Security Deposit: $19,776.00. Sum is forfeited if Tenant fails within six months after lease commencement to substantially complete construction of the improvements or to invest the amount required.

ANALYSIS

In approving the Lease between the Port and Kelly's Mission Rock, LLC, the Port receives the following benefits:

(1) the Port will maximize its revenue on the site because it is anticipated that Tenant will pay percentage rent in excess of the Base Rent from the beginning of operation;
(2) the site will have an experienced restaurant operator who will revitalize the facility, offer new menu items and entertainment and attract more patrons;
(3) the site will be brought up to code and greatly enhanced with new improvements;
(4) Base Rent will be substantially increased over the current Base Rent being paid by the existing tenant.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-97

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, the Port issued a Request for Proposals for lease of premises located at 817 Terry Francois Boulevard commonly known as the Mission Rock Resort Restaurant (the "Site") and three proposals were submitted, and James V. Kelly and his partners received the highest score by an independent selection panel; and

WHEREAS, Port staff determined that James V. Kelly and his partners are the best qualified proposer; and

WHEREAS, the Port Commission awarded to James V. Kelly and his partners an exclusive right to negotiate on terms set forth in the Memorandum of Agenda Item 5B for the May 27, 1997 Port Commission meeting; and

WHEREAS, the City Office of Environmental Review has determined that this project is categorically exempt from environmental review under Section 15301(e) of the CEQA Guidelines, based on minor alterations and additions to an existing structure, as described in the Environmental Review Application and Categorical Exemption dated July 7, 1997, a copy of which is on file with the Secretary of the Commission for this item; and

WHEREAS, Port staff and Kelly's Mission Rock, LLC, a California Limited Liability Company, the entity created by James V. Kelly and his partners, have negotiated a lease for the Site in accordance with the terms of the Exclusive Right to Negotiate Agreement previously approved by the Port Commission; now therefore, be it

RESOLVED, that the Port Commission hereby approves that certain Lease between the Port and Kelly's Mission Rock, LLC, a California Limited Liability Company, the material terms of which are set forth in the Memorandum of Agenda Item No. 5B for the Port Commission Meeting on November 7, 1997 and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director of the Port, or his designee, to forward the Lease to the Board of Supervisors for approval by resolution, and to thereafter execute the Lease on behalf of the Port in substantially the form as is approved by the City Attorney; and be it further

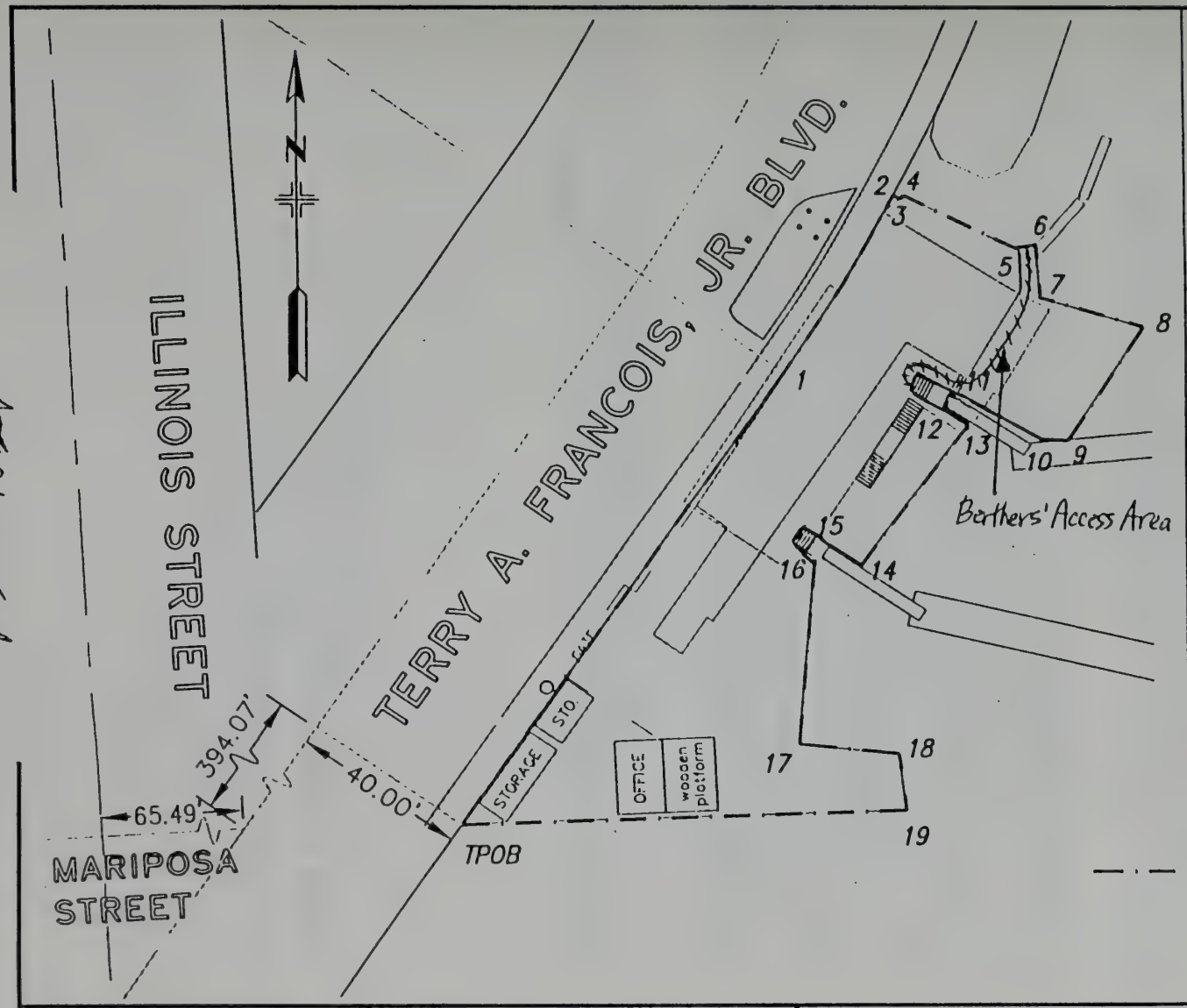
RESOLVED, that the Executive Director is hereby authorized to take such further action as is necessary to implement the Lease so long as such action does not substantially increase the liability or obligations of the Port thereunder, as determined in consultation with the City Attorney, including without limitation, executing any documents reasonably required by Tenant for its financing, or by the Bay Conservation and Development Commission to provide reasonable public access.

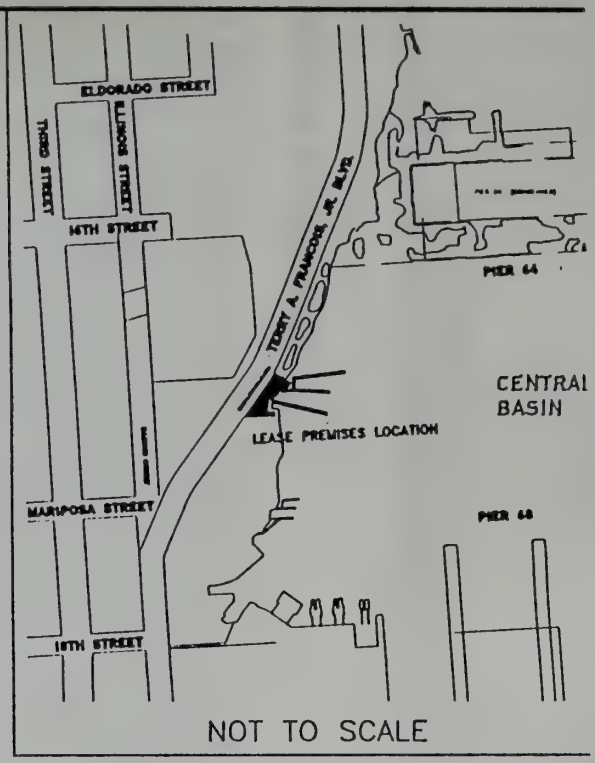
I hereby certify that the Port Commission at its meeting of November 7, 1997 adopted the foregoing resolution.

_____

Secretary

ATTACHMENT A





THE SITE

— · — · — · — THE SITE

Scale in Feet

0 20 40

APPROVED BY SAN FRANCISCO PORT COMMISSION DATE _____ _____ CHIEF HARBOR ENGINEER	PORT OF SAN FRANCISCO SAN FRANCISCO PORT COMMISSION DEPARTMENT OF ENGINEERING	KELLY'S MISSION ROCK, LLC Lease No. L-12474

DESIGNED BY: J. SOBOL		CHECKED BY: --	
DRAWN BY: AMN		DATE: 10-3-97	
DATA FILE: --		SCALE: 1" = 40'	
DRAWING NO. \MISSROCK\RESORT2.DWG			SHEET NO. 3 of 3

INITIALS: Port____ Tenant____

ENVIRONMENTAL REVIEW APPLICATION
JAMES V. KELLY / 817 TERRY FRANCOIS BOULEVARD / SAN FRANCISCO

PROJECT DESCRIPTION

The existing project is a two story restaurant consisting of a 2500 square foot restaurant with 3500 square feet of deck area and an approximate 4000 square foot paved area. The existing restaurant seats approximately 149 people on both levels, the deck and the paved area. Parking is provided on the street. There are 11 spaces directly outside the restaurant, 17 spaces directly across the street that are available to the restaurant because there is no other business or residence across the street. Additionally, there are 56 parking spaces on both sides of the street immediately north of the restaurant that are also available because there's a park whose patrons use relatively few spaces.

The proposed changes call for an extensive renovation of the existing space. There will be some demolition, however, the extent is not known at this time. An attempt will be made to retain as much of the existing building as possible. The major difference in the existing building and the new building is that the new building will enclose approximately 1000 square feet of what is now the upstairs outside deck. Therefore, there will be a 3500 square foot restaurant with 2500 square feet of decks instead of a 2500 square foot facility with 3500 square feet of decks. There will be a small (approximately 600 square feet) two story building for restaurant offices and employee restrooms located at the south end of the site. It replaces an existing storage shed. Neither the seating capacity, the height, the building footprint, nor the gross square footage will change from what presently exists. Because we will use the existing foundation, excavation will be held to a bare minimum. It will be less than 50 cubic yards.

Please note - There are two existing boat docks with ramps adjacent to the site. These docks **are not** part of this application. They will continue to be owned and maintained by the Port of San Francisco.

SAN FRANCISCO DEPARTMENT OF CITY PLANNING
CATEGORICALLY EXEMPT FROM ENVIRONMENTAL REVIEW

CLASS 1 (e) - Minor alteration of and addition to existing structure.

D. Wong 7/7/97

Attachment B

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

October 29, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James R. Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Amendment to Policy for Payment of Brokers' Commission

DIRECTOR'S RECOMMENDATION: ADOPT AMENDMENT TO POLICY FOR PAYMENT OF BROKERS' COMMISSIONS

BACKGROUND

On September 8, 1993, the Port Commission approved a Policy for Payment of Brokers' Commissions through Resolution No. 93-151. With the exception of month-to-month tenancies, commissions for leases were based on three percent (3%) of the gross rentals payable for the first, second and third years of a lease, plus two percent (2%) of the rental for the fourth and fifth years of a lease, plus one percent (1%) of the rental for the next five years. The policy provided for a minimum commission of $250.00

On September 26, 1995, the Port Commission approved an Amendment to the Policy for Payment of Brokers' Commissions through Resolution No. 95-80. The effect of that amendment was to revise the commission schedule to six percent (6%) of rent collected for the first and second years of a lease, five percent (5%) for the third year, four percent (4%) for the fourth and fifth year, and two and one half percent (2.5%) for lease years six through ten.

Since the adoption of that Resolution, the commercial real estate market in the City and County of San Francisco has improved dramatically. Demand for vacant facilities is very high and rental rates are rising. Currently the Port has only a few marketable vacant facilities. Nonetheless, the Port Real Estate and Asset Management staff believes that the San Francisco real estate brokerage community plays a beneficial role in assisting the Port in meeting its leasing goals, but the commission rates now no longer reflect the current real estate leasing environment. Several large

real estate holding companies in the City have reduced their commission schedule rates. Additionally, the current Policy does not clearly state the appropriate commission schedule for prepaid and deferred lease transactions or the application of rent credits to the net effective rent to the Port. Accordingly, staff requests Commission approval of an amendment to the Policy for Payment of Brokers' Commissions which would modify and clarify the rate Schedule as set forth in Section 3 of the Policy for Payment of Brokers' Commissions as follows:

RATE SCHEDULE: 2.5% of rents for lease years 1 through 5, net of any rent credits, cost of living increases and adjustments of rent to market.

For leases with terms in excess of five (5) years, rents for lease years 1 through 5 shall be calculated as follows: The lesser of 2.5% of rents for lease years 1 through 5, net of any rent credits, cost of living increases and adjustments of rent to market **or** the imputed rent for each of the first five (5) lease years which shall be calculated as a fraction of the total rent exclusive of rent credits and unquantified rent escalations (CPI, market rate, etc.) to be paid over the term of the lease, the numerator of which shall be one (1) and the denominator of which shall be the total number of years in the lease term.

As an illustration, a lease with a 15 year term with total net rents (exclusive of rent credits, cost of living increases, and adjustment of rent to market) over the fifteen years of $300,000.00 would have an imputed annual rent of $20,000.00 per year and would be calculated as follows:

Total Net Rent over term of lease:	$300,000.00
Times a fraction the numerator of which is one (1) and the denominator of which is the total number of years in the term (In this illustration that denominator is 15):	x 1/15
Imputed Annual Rent	$ 20,000.00

Therefore the commission owed for this illustrative lease would be 2.5% of $20,000 per year over lease years 1 through five.

Lease Year	Imputed Rent	Commission Rate	Commission
1	$20,000	2.5%	$ 500.00
2	$20,000	2.5%	$ 500.00
3	$20,000	2.5%	$ 500.00
4	$20,000	2.5%	$ 500.00
5	$20,000	2.5%	$ 500.00
Total Commission			$2,500.00

To clarify the Port's Policy regarding the Payment of Brokers' Commissions, staff also recommends that Section 5 (a) of the Policy for Payment of Broker Commissions be modified in its entirety to read as follows:

"5. LIMITATIONS ON PAYMENT OF COMMISSIONS

(a) No commission shall be payable for leases awarded pursuant to a Port Commission Request for Proposals ("R.F.P."), Request for Bid ("R.F.B.") or sole source negotiation resulting directly from a Request for Qualifications ("R.F.Q.").

All other provisions of the Port Commission Policy on the Payment of Brokers' Commissions adopted pursuant to Port Commission Resolution 93-151 would remain in effect and unmodified including, but not limited to, the manner of payment, conditions on payment of Commissions. A copy of the Port Commission Policy for Payment of Brokers' Commissions is attached for reference.

Prepared by: Nicolas Dempsey, Commercial Property Manager, Leasing

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION No. 97-98

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage and regulate the control of the Port area of San Francisco, which use and management includes the granting of leases and franchises for the use of Port properties; and

WHEREAS, in order that the Port may compete more effectively in the commercial and industrial leasing market, the Port Commission approved a Policy for Payment of Brokers' Fees in September of 1993 through Resolution No. 93-151 which provided for payments of commissions to licensed brokers for their services in procurement of tenants for Port properties; and

WHEREAS, the Port Commission desires to clarify that Policy as it relates to the payment of commissions for leases resulting from Port Commission Requests for Proposals, Requests for Bids and Requests for Qualifications; and

WHEREAS, in order to continue to encourage the brokerage community to participate in the Port's leasing activities, Staff recommends that the Commission Rate Schedule be modified to reflect commission rate schedules currently in use by the private sector; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby approves the modified Rate Schedule and Limitations on Payment of Commissions as set forth in Agenda Item No. 5C at its meeting on November 7, 1997.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 7, 1997.

_____
Secretary

G:\WP51\AGENDAS\brokercomm.doc\ND\jef\10-28-97

CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO PORT COMMISSION

POLICY FOR PAYMENT OF BROKERS' COMMISSIONS

RESOLUTION NO. 93.151

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage and regulate and control the Port area of San Francisco, which use, conduct and management includes the granting of leases and franchise for the use of Port properties; and

WHEREAS, In order that the Port may compete more effectively in the commercial leasing market, this Commission desires to pay licensed brokers for their services in procurement of tenants for Port properties;

NOW, THEREFORE BE IT RESOLVED, that this Commission hereby authorizes payment of commissions to licensed real estate brokers for procurement of tenants for Port properties and facilities upon the following terms and conditions:

1. COMMISSIONS - WHEN ENTITLED. When a broker presents a client to the Port, which is to be evidenced by written registration of the client and the broker with the Port on the registration form provided by the Port, and the client leases property in an instance in which the Port does not call for bids or proposals for the lease of said property, a commission computed in accordance with Section 3 below shall be paid to the broker if otherwise entitled thereto pursuant to this resolution. In order for a broker to be entitled to a commission for the lease of Port property, both the broker and the prospective lessee must sign the registration form, the form must indicate on its face that the broker is the prospective lessee's sole and exclusive agent in dealings relating to the subject property.

2. DETERMINATION OF PORT. The determination of when and if property of the Port should be leased, and the terms thereof, are decisions to be made solely and exclusively by the Port and no obligation is imposed upon the Port to pay any commission by reason of the fact that a broker presents to the Port a proposal for the lease of Port property. The Port's decision to enter into a lease may be based on the proposed use, the financial offer, the creditworthiness of the prospective tenant and any other factors deemed relevant in the Port's sole discretion. The obligation to pay a commission arises only when a lease is signed and a deposit, including but limited to first months rent, is paid.

3. CALCULATION OF COMMISSIONS. With the exception of month-to-month tenancies, commissions for the lease or other rental of Port property or facilities shall be based on three per cent (3%) of the Base Rent payable to the Port for the first, second and third years

of the lease or agreement, plus two per cent (2%) of such rental for the fourth and fifth years, plus one per cent (1%) of such rental for the next five years, with a minimum commission of $250.00. No commissions shall be paid for the rental for the balance of the term of any such lease or agreement beyond ten (10) years. Commissions on leases or other rental agreements which provide for a minimum rental payment and a rental payment based on a percentage of receipts or sales shall be computed on the minimum rent only.

In the case of a month-to-month tenancy a commission of fifty percent (50%) of the first month's base rental shall be paid, but only if the tenant rents the property for a minimum of three (3) months.

4. MANNER OF PAYMENT. With the exception of month-to-month tenancies, commissions on leases shall be payable from one half (1/2) the first rents received by the Port under the lease and as such rents are received and not from any other funds of the Port. Payments to a broker or brokers shall be made monthly from rents received by the Port until the amount due is paid. In the case of month-to-month tenancies, payment shall be made from the third month's rent as it is received by the Port. If, prior to full payment of the commission, the tenant fails to pay rents due under the lease, the Port shall have no obligation to pay that portion of the commission which otherwise would have been payable from the unpaid rents until such time, if ever, as such rents are paid by the tenant.

5. LIMITATIONS ON PAYMENT OF COMMISSIONS.

(a) No commission shall be payable for leases awarded pursuant to a Port Commission request for bids or proposals.

(b) No commission shall be payable in any case where a former or current lessee of Port property leases additional Port property, whether or not the lessee used a broker to negotiate the original lease agreement.

(c) No commissions shall be payable for renewals or extensions of leases or other rental agreements.

(d) No commission shall be payable in any case where the broker has a direct or indirect proprietary interest in the tenant, as determined by Port.

(e) If a lease is granted by the Port to a lessee represented by a broker, and the lease grants to the lessee:

(1) An option to expand the premises, the commission shall be calculated only on the rentals for which the tenant has an absolute obligation and shall not include rentals which may become due if the tenant exercises its option; or

(2) An option to extend its term, the commission shall be calculated only on the term prior to the time when such term may be extended; or

(3) A right to cancel or terminate the lease in the lessee's discretion at sometime during its term, the commission shall be calculated

only on the term prior to the time when the lease may be canceled or terminated.

(f) If a party has previously contacted the Port or its staff in regard to the lease of the property in question, the right is reserved and retained by the Port, in the Port's sole discretion, to decline to pay a commission to a broker allegedly representing such party, and the Port shall give notice that no such commission shall be paid to such broker by rejection of the broker/client registration form.

(g) In no event shall the Port be obligated to pay all or part of any commission from any of Port's funds other than the special revenue fund created specifically for the purpose of payment of brokerage commissions.

6. PORT COMMISSION'S RIGHT TO AMEND. The Port Commission reserves and retains the right to withdraw or amend this policy in the whole or as it applies to an individual case by adoption of a subsequent resolution.

BE IT FURTHER RESOLVED, that this Commission hereby authorizes the City Attorney to draft and submit to the Board of Supervisors for adoption an ordinance creating a special fund which will provide the Port continuing appropriation authority to pay brokerage commissions in accordance with this Resolution.

I HEREBY CERTIFY that the foregoing resolution was approved by the San Francisco Port Commission at its meeting of December 8, 1993.

Elizabeth Day/cgg
Secretary
Port Commission

I:\tenant\agendas\brokers.res\December 2, 1993

SAN FRANCISCO
PORT COMMISSION

NOVEMBER 7, 1997
MINUTES OF THE SPECIAL MEETING

DOCUMENTS DEPT.

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MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. DENISE McCARTHY, VICE PRESIDENT
HON. FRANKIE G. LEE
HON. JAMES HERMAN
HON. KIMBERLY BRANDON

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
NOVEMBER 7, 1997

1. ROLL CALL

The meeting was called to order by Commission President Michael Hardeman at 10:04 a.m. The following Commissioners were present: Michael Hardeman, Denise McCarthy, Frankie Lee and James Herman. Commissioner Kimberly Brandon was not present.

2. APPROVAL OF MINUTES - October 14 Special Commission Meeting
- October 22 Special Commission Meeting

ACTION: Commissioner Herman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the October 14 Special Meeting were adopted.

ACTION: Commissioner Lee moved approval; Commissioner Herman seconded the motion. All of the Commissioners were in favor; the minutes of the October 22 Special Meeting were adopted.

Commissioner Lee commented that the minutes were well written.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

1) On Thursday, October 30, 1997, the California Transportation Commission (CTC) approved the Port's revised application for the Downtown Ferry Terminal Project. The CTC approved a revised program for $7.5 million in Proposition 116 bond funds involving the Port's design for a new ferry berth south of the Bart platform. He thanked the Planning Department for their work.

2) The State Office of Emergency Services released an additional $5 million in retention from FEMA for earthquake related work done by the Port. This brings the total retention released this past quarter to over $8 million. He commended Cliff Jarrard and our FEMA consultant, Mr. Marsui Karmani, for their efforts.

3) Four groups of craftworkers (pile workers including the divers, roofers, machinists and plumbers) did not miss a single workday for over a year due to industrial injury. This is an exceptional record at the Port. Director Wong commended the shop supervisors and workers for a job well done. Mr. Wong

also commended the leader of the group, Gary Olson, who was nominated for the City's Public Managerial Awards. Mr. Olson was recognized at a luncheon at the St. Francis Hotel and was presented a certificate.

4) The Hood & Strong auditor's report has been released. The Port projected net revenue of approximately $5 million. However, the final net profit is $7.1 million. Mr. Wong commented that this is an exceptional year for the Port. He commended Port employees for doing a fabulous job. Mr. Ben Kutnick has pointed out to him that the profit was actually $9.3 million but the Port had to take a $2 million write-off for the railroad work. The railroad expense was generated a few years ago but the Port did not have the resources; hence, since the Port has $9.3 million in profit, he authorized staff to take the expense off this year. He noted that the last time the Port had a profit of this size was in the 1982/83 fiscal year.

   Commissioner Herman inquired if the Port has any pending maritime work. Mr. Wong replied to the affirmative. He noted that Peter Dailey, Director of Maritime, is currently meeting with SSA. He suggested that Mr. Dailey will provide Commissioner Herman the information on this matter. Mr. Wong added that there are things in the works and will probably be presented to the Commission at its December 18th meeting.

   Commissioner Hardeman indicated that when Director Wong came on board last year, he gave a party. Positive comments were received from Port employees. He mentioned that the Commission supports whatever the Executive Director decides to do with respect to thanking the employees for their good work. Port staff has been reduced to 212 and they all have worked hard and diligently. The maintenance employees not missing a workday for over a year because of industrial injury is indeed a remarkable feat. He believes that the Executive Director will use his good judgment in making everyone happy as the Port has been so fortunate.

4. MARITIME

5. REAL ESTATE AND ASSET MANAGEMENT

A. Approval of leases with Hornblower Yachts, Inc. at Piers ½, 3, 31-½ and of amendment to lease with Ferryboat Santa Rosa Partners, Ltd. at Pier 3. (Resolution No. 97-96)

Commissioner Herman inquired about the financial status of Hornblower with respect to any monies that were or may now be owed to the Port. Mr. Bennett, replied that in the past, they have had some delinquencies but they have since been corrected. All of the rent they owed the Port have been paid. Commissioner Herman asked for an explanation of the significant addition of Hornblower facilities on the waterfront. Mr. Bennett replied that currently Hornblower has a single inferior operation in a spot that is inferior to other landings. Their competitor, such as Pacific Marine Yachts, has an

ideal location at Pier 39 with four landings. Blue & Gold has 8 landings; Red & White has 3 landings; Hornblower has 2 landings. Within the excursion operation, Hornblower's business is in dining cruises. However, in terms of revenue to the Port, they are the number 2 excursion operation and the number 3 maritime operator on Port property.

Commissioner Herman indicated that Hornblower being the number 3 maritime operator is more of a negative commentary on the absence of maritime work than it is a kudo. Mr. Bennett replied that he couldn't comment on maritime since his focus is on excursions. Commissioner Herman indicated that the Port has to have an overview of all the maritime work that's being done. Mr. Bennett mentioned that the excursion business is the Port's highest revenue producing business. Commissioner Herman replied that there is nothing to provide a favorable comparison. He inquired if Hornblower can effectively compete with Pier 39. Mr. Bennett replied that one of Hornblower's concerns is their small landing situated in an inferior location. Hornblower's customer base is different from that of Pier 39. They have been in discussion with Hornblower for some time to create the consolidated facility at Pier ½ and 3 where they can expand their business and create another viable excursion operation on the waterfront.

Commissioner Hardeman interjected and asked Commissioner Herman if Mr. Bennett could present the item first and give him the opportunity to discuss the issues first. Commissioner Herman concurred.

Mr. Bennett, Senior Property Manager, indicated that at the May 28, 1997 Commission meeting, the Port Commission approved an Exclusive Right to Negotiate Agreement with Hornblower Yachts for leases at Pier ½ and Pier 3. The Exclusive Right to Negotiate Agreement outlined the fundamental terms of the leases. The memorandum regarding this resolution also indicated that Port staff would finalize negotiation on the terms of the lease amendment for Pier 3 for the Ferryboat Santa Rosa, which is owned by an affiliate of Hornblower as well as an interim lease for Hornblower at Pier 31- ½ until Pier ½ is available for occupancy. The proposed leases would enable Hornblower to develop a consolidated facility at Piers ½ and 3. The Exclusive Right to Negotiate Agreement was executed immediately following the Port Commission's approval. During the term of the Exclusive Right to Negotiate Agreement, the City's Office of Environmental Review completed its CEQA review of the project involving the proposed leases for Piers ½ and 3 and granted a categorical exemption. Hornblower and Port staff also completed the final negotiations on the proposed leases for Pier ½ and 3 as well as the proposed terms for the lease amendment for the Ferryboat Santa Rosa and for the interim lease for Pier 31-½. The proposed leases for Piers ½ and 3 constitute a single transaction but will take the form of a separate lease for each facility because the terms and conditions somewhat differ.

The term commencement date for Pier ½ shall commence on the first day of the calendar month after all of the following have occurred: (1) Port relocates float and ramp from the premises; (2) issuance of BCDC permit; and (3) issuance of building

permit.

For Pier 3, the term shall commence on the first day of the calendar month after: (1) the issuance of BCDC permit and (2) the issuance of building permit have occurred.

The term expiration date for both Pier ½ and Pier 3 leases will be October 31, 2012. This is also the same termination date for the Ferryboat Santa Rosa.

The base rent for Pier ½ is $18,024 and for Pier 3, $11,647 per month, which reflects the revenues that the Port has been receiving. In both cases, there will be annual cost of living increases.

The percentage rent for Pier ½ is 7% of gross receipts for boat rental, tickets, beverage, food and photo services on premises or on vessels landing or loading or unloading passengers at premises and 10% of all commissions on ticket sales for excursions not operated by the tenant and not originating from the premises. The percentage rent for Pier 3 will be the same except for 6% of gross receipts for boat rental, tickets, beverage, food and photo services on premises or on vessels landing or loading or unloading passengers at the premises and 66% of parking receipts after parking taxes and 9% of retail merchandise sales on premises.

With regard to additional percentage rent for both facilities, gross receipts from home berthed vessels with casual landings at other sites on Port property shall be included in the gross receipts used to calculate the percentage rent under the lease.

The permitted uses for Pier ½ include: (1) passenger loading and unloading and berthing passenger vessels, limited to types of maritime excursion operations and common carrier ferry service and support facilities permitted by law as of the lease date; (2) photo services and ancillary retail sale of tenant merchandise on-board vessels and (3) ticket office for operations of tenant and subtenants of tenant.

In addition to the permitted uses outlined for Pier ½, the permitted uses for Pier 3 include: (1) compound or compounds to be utilized by racing sail boats; (2) ceremonial berthing of sail boats and historic vessels; (3) catering uses; (4) maritime office; (5) photo services and sale of retail merchandise directly related to maritime activities located on the premises; (6) special events (subject to Port approval in each instance); and (7) parking to support maritime operations and activities.

On Pier ½, a minimum of two-passenger vessel shall be home berthed at the premises, and the certified capacity of one such vessel shall not be less than 1,000 passengers. On Pier 3, a minimum of two-passenger vessel shall be home berthed at the premises and the certified capacity of all passenger vessels home berthed at the premises shall be at least 450 passengers.

On Pier ½, the tenant accepts the premises in an "as is" condition, except the Port is to remove the existing floating ramp. The tenant shall construct berthing improvements and shall be granted a rent credit for 50% of the cost of berthing

improvements, which would amortize against 1% of their percentage rent. The same is true for Pier 3, except the Port will not be removing any existing landing improvements.

The Port has the right to temporarily relocate the tenants subject to certain conditions, if the Port undertakes the development of Pier ½, Pier 1 or the Ferry Terminal. The Port has the right to permanently relocate tenant subject to certain conditions, if the Port undertakes the development of Pier 1.

An acknowledgement is included in Pier ½ lease that the parties agreed that the Port intends to terminate Hornblower's tenancy at Pier 31-½ following the commencement of operation by Hornblower at Pier ½.

Concurrent with this transaction, Port staff proposes to amend the Ferryboat Santa Rosa (FSRP) lease to clarify and update some economic provisions and update legal provisions. The negotiated economic amendments are as follows:

(1) Revise the boundaries of the premises so that they coincide with the space actually used and the boundaries proposed for Pier 3.
(2) Revise the percentage rent so that it is calculated based upon 10% of sublease revenues for office and museum uses and 6% of gross receipts from boat rental, tickets, beverages and food.
(3) Expand the permitted use of the premises to consist of: (a) museum; (b) maritime offices and general office uses; (c) meeting room and banquet facilities, including sale of food and beverages; (d) catering uses; (e) passenger loading & unloading and berthing passenger vessels; and (f) ancillary sale of retail merchandise on board vessels directly related to maritime activities located on premises or adjacent pier.
(4) Failure to continue berthing the Ferryboat Santa Rosa on the premises shall allow Port to terminate the Santa Rosa lease.

Port staff and Hornblower have negotiated an interim lease for the premises that Hornblower currently occupies at Pier 31-½ under a month-to-month license. The month-to-month license will be replaced with a standard Port lease. The term of the lease is five years, commencing November 1, 1997, provided that the Port shall have the right to terminate following the commencement of operations by Hornblower at Pier ½ premises. The base rent is $18,024 a month with annual CPI. The old percentage rent was 7% of gross receipts from boat rental, tickets, beverages and food; 75% of gross receipts from parking after parking taxes, less a $4,000 per month credit for operating expenses. In the new lease, the percentage rent would be 6% of gross receipts for boat rental, tickets, beverages, & food and 66% of gross receipts from parking after parking taxes.

The Port will receive the following benefits from this proposed transaction:

(1) It converts from a month-to-month tenancy to a longer term lease commitment the maritime business which produces the 3rd highest revenue to

the Port among its existing maritime businesses and which produces the 12th highest revenue among all businesses on Port property. This transaction will cement a long-term commitment with the Port's 2nd highest revenue generating business within the maritime excursion industry thereby protecting and providing a foundation for the expansion of this maritime industry.

(2) It consolidates and expands the operations and facilities of Hornblower so it can operate more efficiently and serve its customers more effectively. This will enable Hornblower to expand its business, producing more revenue for the Port. The longer term lease will enable Hornblower to amortize the costs to improve its facilities and to secure financing for the improvements and to acquire new vessels. Based upon the business plan prepared by Hornblower, the percentage rent generated by Hornblower and FSRP at the consolidated Pier ½ and Pier 3 facilities is projected to increase by $300,000 - $350,000 per year within three years.

(3) It creates a compound for San Francisco's *America's One* America's Cup challenge.

(4) It protects the existing base rent from Pier 3 and provides for the redevelopment of this pier. When the Waterfront Transportation Project is completed, the BCDC permit for Pier 3 requires that it no longer be used for general parking purposes, which currently constitutes 55% of the Port revenue from Pier 3. Based upon the condition of the pier, there are very limited uses available for this pier.

(5) It provides for the redevelopment of the Pier ½ finger pier, which will be vacated when the Port relocates the public ferry landing to the Downtown San Francisco Ferry Terminal. The base rent currently being paid by Hornblower at Pier 31-½ will then be transferred to Pier ½, and this facility near Fisherman's Wharf would then be available to rent for a new user.

(6) The proposed uses conform with the general goals stated in the Waterfront Plan and with the specific uses proposed in this plan for Piers ½ and 3. Due to the poor condition of Pier 3, the proposed uses also represent the most intensive feasible use of the pier.

He introduced representatives from Hornblower and America One – Terry McCrae, Craig McCabe, Andy Dolitz and Bob Dillingham.

Commissioner McCarthy asked for an explanation of the categorical exemption. Mr. Bennett replied that the Office of Environmental Review looked at the change of use to see if it required an environmental review. Because of the use, it was categorically exempt from environmental review. Commissioner McCarthy inquired about the meaning of revocable license. Mr. Bennett replied that the lease expires in 2012. The leasehold encompasses from the Embarcadero to the finger pier of the landing. The triangle area is the revocable license area. Between now and 2012, as the Port redevelops the Ferry Building and Pier ½, the triangle area may or may not be incorporated. The Port might want to terminate it, which it can do because it is a revocable license. The fundamental area, which brings people from the Embarcadero to the vessels, is part of the permit lease. Commissioner McCarthy reiterated that this gives the Port the right to do something different in the triangle area. She then asked

if the Port would take until 2002 to remove the floating dock. Mr. Bennett replied that Hornblower is proceeding on a whole new business plan and they are working at financing the new vessels with the expectation that they would be able to consolidate their facilities. They wanted to ensure that they still have rights to the facility no matter what happens or whatever delays the project. It would protect them in the event that the Port takes longer than anticipated to move those floats. The Port certainly does not expect to take that long but Hornblower is making fundamental business decision and investment. On the other end, if something happens, the Port still wants to have a drop-dead date.

Commissioner McCarthy inquired about the reference of maritime retail and asked for examples. Mr. Bennett replied that on board the Hornblower, one has the opportunity to buy Hornblower mugs, which is allowed on the vessels. In the case of Pier 3, the Port allowed for retail relating directly to a maritime activity on the pier. The Port is specifically referring to America One. Part of America One's promotion is to get people to come see their yachts and generate some dollars to support their campaign.

Commissioner McCarthy asked for an explanation of the following, "rental from office space used by tenant or an affiliate involving maritime activities on Port property may be excluded from sublease revenues." Mr. Bennett replied that currently the Santa Rosa has a single tenant, which is the home office for Hornblower. As an internal transaction, they have a lease between them. The issue is one of parity when you have Red & White, Blue & Gold whose offices are located on their premises at Pier 41. The Port does not impute any kind of a lease rental for them. The original use for Santa Rosa was envisioned to be a museum and a speculative office development, which went awry. The lease was subsequently amended to allow meetings and catering on the premises but it never clarified how the revenue was to be calculated. As part of the integrated facility, Hornblower envisions having their vessels or the Santa Rosa do more cross marketing. The Port concurred with the use but it needs to assess the percentage rent of 6% from food & beverage service whether it takes place on the Santa Rosa or on the vessels. If they lease out office space they receive percentage rent. The Port is treating them similar to other maritime tenants such as Red & White, Blue & Gold but it does not force them to pay a percentage of the rent that an affiliate of that company pays the parent company.

Commissioner Lee commented that he supports the resolution. Hornblower is a valuable client of the Port and of the City. Staff spent numerous hours negotiating with Hornblower and this is the result of a very smart negotiation. This lease is fair to Hornblower as well as to the Port. Hornblower deserves a better facility for their operation. This type of activity not only brings revenue to the Port but it can support other worthwhile activities that are under funded such as maintenance, public space, public access and other activities and bring people to the waterfront. America One will also attract a lot of people to the waterfront. He concurred with Commissioner Herman's comments that we need to give the same attention to pursuing maritime cargo as we do pursuing excursion business.

Commissioner Herman asked about the size of the Hornblower Yacht. Mr. Bennett

replied that the California Hornblower is 183 feet long. Before the Port entered into this transaction, an advisory committee was established comprising of all the operators. He worked with Charlie Mitchell to ensure that this facility can handle the California Hornblower and the lease has been set up on that basis. The proposal was discussed with the maritime group and was also presented to the advisory group. Both the maritime department and advisory group agreed that the two could function together.

Commissioner Herman indicated that he couldn't focus on the mooring of a boat that size at Pier 1. Mr. Bennett replied that Hornblower would be operating at Pier ½. The maritime group and the operators operating on the new landing do not foresee any conflicts. Commissioner Herman inquired about the time frame for completing the work that would accommodate the lease. Mr. Bennett replied that the construction for the downtown ferry project starts in spring 1998. Once the float is removed their time frame to set up at Pier ½ is quite fast and short; it would take 190 days to establish their landing. However, prior to construction, they need to obtain their BCDC building permit. Commissioner Herman indicated that he would like to take a walk down at Pier ½ to get a visual projection. Mr. Bennett indicated that he would be happy to give him a tour.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

B. Approval of Lease with Kelly's Mission Rock, LLC, a California Limited Liability Company, for lease of Mission Rock Resort Restaurant located at 817 Terry Francois Boulevard. (Resolution No. 97-97)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that over a year and a half ago, the Port issued a Request for Proposals for the lease of the Mission Rock Restaurant located at 817 Terry Francois Blvd. The panel selected the proposal of James Kelly to be the most responsive and the Commission awarded him an exclusive right to negotiate on May 27, 1997. Mr. Kelly's proposal demonstrated the best concept for the restaurant site and Mr. Kelly is an experience restaurateur having founded and operated Pat O'Shea's Sports Bar at Geary Blvd. The terms and conditions of the lease agreement between the Port and Kelly's Mission Rock, LLC have now been finalized. The City Office of Environmental Review has also reviewed the project and determined that it is categorically exempt from environmental review. The terms of the lease agreement are outlined in the agenda summary.

The lease term is 15 years with two five-year options. The base rent is $9,888 a month. The base rent will be adjusted annually by the CPI with readjustments on the 5th and 10th year. The Port will receive a percentage rent of 7% of gross receipts for full service dining; 9% of gross receipts for casual dining and 9% of gross receipts for retail/other sales. The tenant will spend a minimum of $533,755 for improvements to the restaurant facilities. There will be no rent credits except for the cost of hazardous remediation.

Ms. Tsen indicated that the Port is pleased that Mr. Kelly will renovate the restaurant, which has fallen in disrepair. Staff believes that with his management and his plan improvements, the restaurant will be able to attract more patrons benefiting the area as well as the Port. The final step prior to start of construction is the receipt of the BCDC building permit. Staff is now negotiating with BCDC. A signed lease agreement is pre-conditioned to that permit.

Commissioner McCarthy inquired about the 9% percentage rent for retail/other sales. Ms. Tsen indicated that she does not know at this time if Mr. Kelly has any intention to have any retail sales from the restaurant. There is, however, a possibility that they might sell miscellaneous items such as t-shirts and hats with the restaurant's logo.

Mr. Kelly thanked Jennifer Sobol and everyone involved in the negotiation. Commissioner Hardeman commented that he has eaten at Pat O'Shea's many times and the food is excellent and the service and the ambiance are great. If that tradition carries over, he believes the restaurant would be wonderful. Ms. Tsen commented that with a revitalized restaurant it could be a big draw for the City and become a great part of the Mission Bay area.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

C. Approval of amendment to policy for payment of broker's commission. (Resolution No. 97-98)

Ms. Fei Tsen, Director of Real Estate & Asset Management, indicated that the Port Commission has adopted several resolutions in the past with regard to the payment of real estate brokers commissions. The last amendment to the policy was on September 26, 1995, which provided for a graduated commission schedule starting with 6% in the first and second years and decreased over time to 5%, 4%, 2-½% each succeeding years. The real estate market has changed considerably since that policy was adopted. As the real estate climate has dramatically improved, the Port also has been able to decrease its vacancies. The rents have also risen. Several large property owners in San Francisco have recently changed their commission schedule. The real estate staff believes that the real estate brokerage community is helpful to the Port in meeting its leasing goals but that the rates no longer reflect the current real estate leasing environment. Additionally, the current policy does not clearly state the appropriate commission schedule for pre-paid or deferred lease transactions where rent credits are applied. As a result, staff requests that the Commission approve an amendment to the policy for the payment of brokers' commissions, which would modify and clarify the rate schedule. The proposed rate schedule is 2.5% of rents for lease 1 through 5, net of any rent credits, cost of living increases and adjustments of rent to market. For leases that extends beyond 5 years, staff is asking that the 2.5% commission be applied on the average annual rent for the full term of the lease.

Staff recommended that no commission be paid for leases awarded for development projects which are awarded through either Request for Proposals, Request for Bids, or a single source negotiations resulting directly from a Request for Qualifications.

ACTION: Commissioner Lee moved approval; Commissioner Herman seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

6. FACILITIES & OPERATIONS

7. PLANNING & DEVELOPMENT

8. FINANCE AND ADMINISTRATION

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Mr. Maury Polse, representing the three six-pack captains, thanked the Commissioners for allowing their operation to continue at Fisherman's Grotto. In spite of the short-lived opposition to their business, they are flourishing. These otherwise economically dead boats are now earning their living and are maintained to the highest aesthetic and insurance levels. At this point in time, they understand there's a move to collect a percentage of their gross receipts. They have been told that they should not be treated any different from any other business that operates on Port property. The six-pack agreed that the Port deserves this consideration. However, they would like the Commission to consider their request for leases similar to other maritime businesses for those berths in which the six-pack boats operate.

Commissioner Hardeman indicated that staff would handle matters that are not on the agenda for they cannot debate matters that are not on the agenda. He directed Executive Director Wong to assign staff to meet with Mr. Polse. Mr. Polse indicated that they already plan in meeting with staff. They wanted to ensure that they are not blind sighted by any adverse reactions on the part of the six-pack captains.

11. EXECUTIVE SESSION

At 11:00 a.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

A. <u>CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS</u>:

1) Discuss existing litigation matter pursuant to subdivision (a) of California Government Code Section 54956.9 (one case)

<u>Kraal v. CCSF</u>; USDC, Northern District of California No. C-96-4387 FMS

2) Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (2 cases).

B. PUBLIC EMPLOYEE EVALUATION

1) Douglas F. Wong, Executive Director

An executive session to discuss this matter is specifically authorized under California Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b).

At 12:02 p.m., Commissioners Hardeman, McCarthy, Lee and Herman returned from executive session and convened in public session.

ACTION: Commissioner Lee moved approval to not disclose any information discussed in the executive session. Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 12:03 p.m.

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SAN FRANCISCO PORT COMMISSION

SPECIAL MEETING – (Please note the date and time of the meeting)
4:00 P.M., THURSDAY, NOVEMBER 20, 1997
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

1. ROLL CALL

2. APPROVAL OF MINUTES – November 7, 1997 Special Meeting

3. EXECUTIVE

A. Executive Director's Report

4. MARITIME

A. Consent to acquisition of capital stock of San Francisco Drydock, Inc., and approval of assignment of Lease11968 to SWM Holdings, Inc. a Delaware Corporation. (Resolution No. 97-99)

B. Approval of amendment to Lease L-11320 with San Francisco Drydock, Inc., extending the period for negotiation of new rent and terms from December 17, 1997 to February 17, 1998. (Resolution No. 97-100)

5. REAL ESTATE AND ASSET MANAGEMENT

A. Approval of lease for radio transmission tower and transmitting facility with KEST, Inc. at Pier 70 (foot of 20th Street). (Resolution No. 97-101)

6. FACILITIES & OPERATIONS

A. Authorization to issue a Request for Proposals for construction management services for the Downtown Ferry Terminal Construction Project. (Resolution No. 97-102)

B. Authorization to rescind previous contract award of Construction Contract No. 2635, "Pier 50 Shed D Interior Improvements" to Hok Construction. (Resolution No. 97-103)

C. Authorization to deny Trico Construction's protest regarding Contract No. 2635, "Pier 50 Shed D Interior Improvements," (Resolution No. 97-104)

D. Authorization to award Construction Contract No. 2635, "Pier 50 Shed D Interior Improvements," to Hok Construction (Resolution No. 97-105)

7. PLANNING & DEVELOPMENT

8. FINANCE & ADMINISTRATION

9. CONSENT CALENDAR

10. NEW BUSINESS/PUBLIC COMMENT

11. EXECUTIVE SESSION

A. CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS:

1) Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (2 cases).

B. Vote in open session on whether to disclose any or all Executive Session discussions. [S.F. Admin. Code Sec. 67.14(a)]

12. ADJOURNMENT

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142. There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting. Please contact Kevin Jensen at (415) 274-0555. Late requests will be honored if possible.

- American Sign Language Interpreters
- A Sound Enhancement System
- Large Print of the Agenda
- The use of a reader during the meeting
- Minutes of the Meeting in Alternative Formats

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Know Your Rights Under the Sunshine Ordinance: Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

PORT OF SAN FRANCISCO

MEMORANDUM

November 13, 1997

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
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Fax 415 274 0528
Cable SFPORTCOMM
Writer

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James R. Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Consent to acquisition of capital stock of San Francisco Drydock, Inc., and approval of transfer of Lease 11968 to SWM Holdings, Inc., a Delaware corporation.

DIRECTOR'S RECOMMENDATION: GRANT CONSENT AND EXTEND LEASE

BACKGROUND

Leases L-11320 (an amended thirty year lease expiring December, 2017), and L-11968 (a month-to-month lease) comprise all agreements between San Francisco Drydock, Inc., a California corporation (SFD) and the Port. Together these two agreements govern all lands and facilities necessary for SFD to function as the last full-service ship repair yard in the Port of San Francisco. The amended long term lease governs SFD's use of 26 acres of land and water that comprise the shipyard leasehold, while the month-to-month agreement governs 6 acres allowing use of a machine shop, a remediation facility, and a parking lot for the yard's laborers.

On October 13th, the Carlyle Group, a private merchant bank located in Washington, D.C. announced the signing of a definitive agreement in which Carlyle agreed to acquire all the issued and outstanding capital stock of both Southwest Marine, Inc. (SWM) and SFD, and with it form a new entity, SWM Holdings, Inc., a Delaware corporation. The Carlyle Group is a global, private investment firm that currently manages several investment funds, including a $1.3 billion private equity fund. Carlyle is the leading private buyer of defense and aerospace businesses.

The long-term agreement does not characterize the stock sale as a prohibited assignment. However, the Month-to-Month lease prohibits assignment at the Port's option. Therefore, by consenting to the acquisition, the Tenant will not change, no new agreement will be required, and San Francisco's shipyard operations can continue without disruption.

Prepared by: Gerard L. Roybal, Marketing Representative, Maritime

THIS PRINT COVERS CALENDAR ITEM NO. **4A**

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-99

WHEREAS, The Port maintains two leases governing all of the land, water, and facilities vital to the operation of a full-service ship repair yard; and

WHEREAS, the Tenant for both leases is San Francisco Drydock, Inc., a California corporation; and

WHEREAS, San Francisco Drydock, Inc. has been successfully operating a full-service ship repair yard on these premises since 1993; and

WHEREAS, The Carlyle Group, a private merchant bank located in Washington, D.C. has entered into a definitive agreement in which SWM Holdings, Inc., a Delaware corporation has agreed to acquire all the issued and outstanding capital stock of both Southwest Marine, Inc. and San Francisco Drydock, Inc.; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby consents to the acquisition and agrees that such acquisition shall not constitute a prohibited assignment or otherwise affect that certain Lease L-11968 dated June 14, 1994, originally by and between the City and County of San Francisco, a municipal corporation, operating by and through the San Francisco Port Commission, as landlord, and Southwest Marine, Inc., as tenant.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 20, 1997.

_____
Secretary

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PORT OF SAN FRANCISCO

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Writer

MEMORANDUM

November 14, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James R. Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of amendment to Lease L-11320 with San Francisco Drydock, Inc. extending the period for negotiation of new rent and terms from December 17, 1997 to February 17, 1998.

DIRECTOR'S RECOMMENDATION: APPROVE THE EXTENSION OF LEASE L-11320 WITH SAN FRANCISCO DRYDOCK, INC.

BACKGROUND

On December 2nd, 1987 the Port entered into a thirty-year Lease (L-11320) with Southwest Marine, Inc., a California corporation ("SWM"), under which SWM leases and operates the ship yard facilities at piers 68/70. Rent for the first five years of the lease was set at $100,000 per month, with Consumer Price Index Adjustments applied incrementally every five years thereafter through the lease term. In 1993, SWM assigned the lease to San Francisco Drydock, Inc., ("SFD") in compliance with the lease terms and conditions. On May 24, 1994, the Port agreed to permit SFD to downsize the total acreage of the yard, and reduce the fixed rent. The amended rent was set at 3% of the yard's Gross Receipts, subject to a minimum payment of $83,333.33 per month.

The rationale for this amendment was to increase SFD's ability to attract work by allowing the tenant to use and pay for only that portion of the facility that was vital to compete in a commercial environment where much of their core government contract and defense business had moved out of the Bay Area.

THIS PRINT COVERS CALENDAR ITEM NO. **4B**

By its terms, the 1994 Amendment expires December 17, 1997 unless renegotiated, and the rent reverts to that provided in the original lease. Upon expiration, the terms of the amendment provide SFD the right to renegotiate the monthly rent at that time, and a right to unilaterally terminate the thirty-year lease upon 90 days written notice if the parties cannot agree on the rent.

SFD informed the Port in August of their intent to commence negotiations on the lease terms beyond December 1997. However, soon thereafter, SFD was approached by The Carlyle Group ("Carlyle"), which was interested in acquiring the stock of SFD. In late October, 1997, Carlyle, a private merchant bank located in Washington, D.C., entered into a definitive agreement in which SWM Holdings, Inc., a Delaware corporation, agreed to acquire all of SFD's issued and outstanding capital stock.

Because negotiations between Carlyle and SFD were protracted, and because new ownership has now taken over control of the yard's operation, SFD's management has asked the Port to extend the terms of the 1994 Amendment for two months, to February 17, 1998. This will allow the Port's last remaining ship repair operation, employing an average of 300 skilled laborers daily, to continue unhampered and uninterrupted while the negotiation of lease terms that will affect its success and future are concluded. The parties do not propose to amend any other terms of the 1994 Amendment. This extension will also provide the new owners of SFD time to organize, assess, and prepare their operation for competing with the other West Coast repair yards, and strengthen their market position.

If the 1994 Amendment were to expire on December 17th, the rent would revert to the original base of $100,000 per month, plus the imposition of ten years worth of Cost of Living Index Adjustments, for a total monthly payment of approximately $132,384 per month. In contrast, the forecasted monthly rent due under the 1994 Amendment, which provides for a payment of 3% of Gross Receipts, is approximately $95,000. The adoption of the recommended resolution will ensure no loss of incremental revenue, which could occur if the tenant exercised their unilateral right to vacate the premises.

Staff requests the Commission's authorization to amend the lease as proposed.

Prepared by: Gerard Roybal, Marketing Representative, Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-100

WHEREAS, San Francisco Drydock ("SFD") under Lease L-11320 (a thirty-year lease), operates the Port's last full-service ship repair yard; and

WHEREAS, the Port amended the terms of lease L-11320 in 1994 in order to enable SFD to compete in a commercial environment where much of their core government contract and defense business had moved away; and

WHEREAS, the 1994 Amendment terms are set to expire on December 17, 1997; and

WHEREAS, SFD's management has asked the Port to extend the terms of the 1994 Amendment for two months in order to allow the Port's last remaining ship repair operation, employing an average of 300 skilled laborers daily, to continue unhampered and uninterrupted while the negotiation of lease terms that will affect its success and future are concluded; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby approves an extension of the 1994 Amendment from December 17, 1997 until February 17, 1998, and authorize the Executive Director to amend the lease accordingly.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 20, 1997.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

November 14, 1997

Ferry Building
San Francisco, CA 94111
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Fax 415 274 0528
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Writer

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James R. Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Lease for Radio Transmission Tower and Transmitting Facility with KEST, Inc. at Pier 70 (foot of 20th Street)

DIRECTOR'S RECOMMENDATION: APPROVE LEASE WITH KEST, INC.

BACKGROUND

Since 1973, pursuant to Port Lease No. 8254, KEST, Inc. a subsidiary of Douglas Broadcasting – Personal Achievement Radio has operated a radio transmission tower and transmitting facility at Pier 46B. Pier 46B is the site of the new Pac Bell Park. The Port's agreement with the San Francisco Giants organization required the termination and/or relocation of all Port Tenants occupying space at Pier 46B.

The 1973 Port lease with KEST did not provide for the Port's right to terminate for a Port project. As a result, it was necessary to negotiate a termination of the older lease, select for an acceptable new location for the replacement site and enter into a new lease for the new transmission tower and transmitting facility.

KEST, Inc. and Douglas Broadcasting retained consulting engineers who worked with Port staff to select a suitable and appropriate location for the new transmission tower and transmitting facility. After months of testing and analysis, a site at Pier 70 at the foot of 20th Street was selected as being the best available Port property for this use.

Port staff has negotiated the terms of a proposed lease (Lease No. L-12505) with KEST, Inc. on the following terms and conditions:

Premises: Approximately 220 square feet of shed space at Building Number 11 at Pier 70 along with approximately 315 square feet of land adjacent to Building Number 11 along with a 150 foot radius easement area for guy wires and radial ground grids.

Term: Nine years commencing on December 1, 1997.

Base Rent: December 1, 1997 through November 30, 1998 $ 760.00 per month

Note: This rental rate is equal to KEST, Inc.'s current rental obligation under Lease No. L-8259

December 1, 1998 through November 30, 2002 $1,000.00 per month

Rent Adjustments:

Rents are adjusted annually pursuant to the Consumer Price Index (CPI)

Permitted Use:

Radio transmission tower and radio transmitting facility.

Maintenance and Repairs:

Tenant except for roof and exterior walls of Building 11.

Utilities and Service:

Tenant

Special Condition:

The Port agrees to reimburse KEST, Inc. for all costs directly associated with relocating the radio transmission tower and transmitting facility to the Pier 70 location. The Port's obligation is "capped" at $200,000. Known costs to date including $50,000.00 attributable to the purchase and installation of insulated crane hooks at the adjacent San Francisco Drydock facility, approach $180,000.00.

Throughout the term of the Lease, KEST, Inc. will provide the Port with eight (8) free public service announcement slots per month for Port sponsored waterfront events on Port properties.

Port Commission approval is required to approve the relocation cost reimbursement provision and the nine (9) year term of the lease. All other terms and conditions of the lease are consistent with the Port Commission's standard leasing policy.

Prepared by: Nicolas Dempsey, Commercial Property Manager, Leasing

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION No. 97-101

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage and regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, in order to facilitate the construction of the new Pac Bell Park at Pier 46B and SWL 336, KEST, Inc. has agreed to terminate Lease NO. 8259 affecting a portion of Pier 46B, and relocate its radio transmission tower and transmitting facilities to other lands of the Port; and

WHEREAS, Port staff and KEST, Inc. have reached agreement on all of the terms and conditions of a lease for premises at Pier 70; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby approves Port Lease No. L-12505 between the Port and KEST, Inc. which incorporates the business terms set forth in the Memorandum for Agenda Item 5A for the Port Commission meeting on November 20, 1997 and which are substantially in the form on file with the Secretary of the Port Commission for said Agenda Item, and the Port Commission authorizes the Executive Director of the Port or his designee, to execute said lease in such final form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 20, 1997.

_____
Secretary

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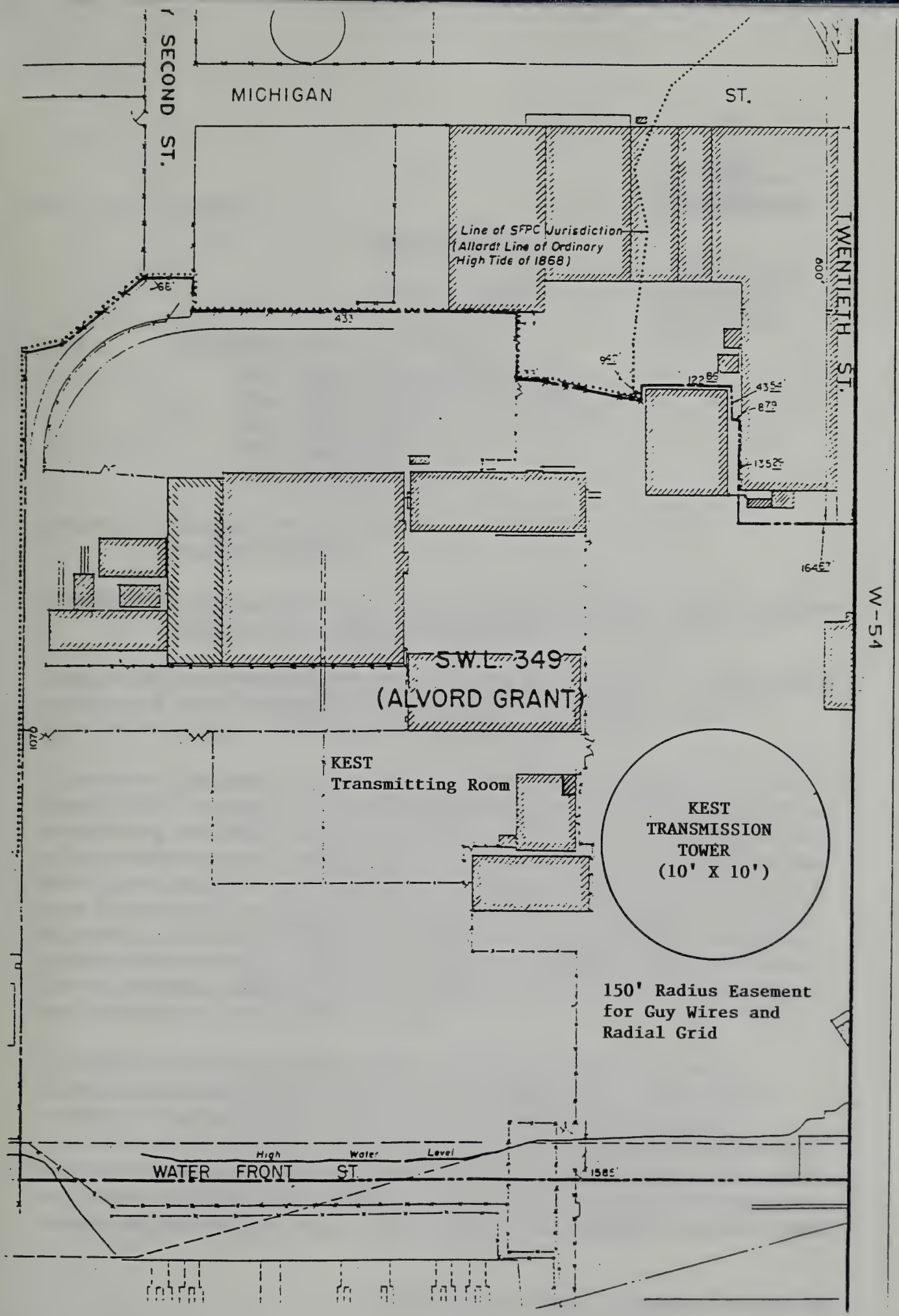
SECOND ST.
MICHIGAN
ST.
TWENTIETH ST.
Line of SFPC Jurisdiction
(Allard Line of Ordinary
High Tide of 1868)
600'
39'
433'
95'
122.86'
435.4'
87.9'
135.2'
164.67'
W-54
S.W.L. 349
(ALVORD GRANT)
107.6'
KEST
Transmitting Room
KEST
TRANSMISSION
TOWER
(10' X 10')
150' Radius Easement
for Guy Wires and
Radial Grid
High Water Level
WATER FRONT ST.
158.5'

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
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Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

November 14, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to issue a Request for Proposals for construction management services for the Downtown Ferry Terminal construction project

DIRECTOR'S RECOMMENDATION: APPROVE ISSUANCE OF A REQUEST FOR PROPOSALS FOR CONSTRUCTION MANAGEMENT SERVICES FOR THE DOWNTOWN FERRY TERMINAL CONSTRUCTION PROJECT

Construction of the Downtown Ferry Terminal project is scheduled to commence in the spring of 1998. This project is a complex multi-disciplinary waterfront project that will take approximately 18 months to construct. The Downtown Ferry Terminal construction scope of work is dependent on the available funds but could include construction of the following items: a new north ferry terminal located on the northeast side of the Ferry Building, a new south ferry terminal located on the southeast side of the Ferry Plaza, a new Ferry Building boiler room, a new Ferry Building east-west breakthrough, a renovated Ferry Building east promenade and south arcade and a new breakwater protecting the new south ferry terminal The total estimated construction cost of all of these items is $18,594,000. To date the available funds total approximately $14,000,000.

As with all contracted construction projects, Port engineering staff will oversee the construction management on the Downtown Ferry Terminal project. Because of the complexity of the project, the small size of the Port engineering staff, and other Port construction work scheduled during the same time period, staff recommends that the Port contract for outside construction management and support ("CM") services. These services may include the following tasks: document control, daily inspections, special inspections, tracking unit price and force account work, analyzing and evaluating contractor's schedule

THIS PRINT COVERS CALENDAR ITEM NO. **6A**

submittals, cost estimating change order work, analyzing and evaluating contractor's change order requests for additional time, conducting weekly progress meetings, facilitating change order negotiation, Port tenant coordination and other tasks necessary to assist in the administration of the project through the construction phase. The Port's Chief Building Inspector will oversee and direct the CM consultant's work.

The CM consultant will be funded from project funds, including state and federal grants. The standard industry cost of these services is usually 5 percent of the contract value. However, in this case, staff intends to identify and limit the scope so as to be able to negotiate a CM contract between $250,000 and $420,000.

Staff is requesting authorization to issue a Request for Proposals for construction management services for the Downtown Ferry Terminal construction project.

Prepared by: Joe Roger, Structural Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-102

WHEREAS, construction of The Downtown Ferry Terminal project is scheduled to commence in the spring of 1998, and

WHEREAS, because of the complexity of the project, the small size of the Port engineering staff, and other Port construction work scheduled to be concurrently in progress, the Port will need to contract for outside construction management and support (CM) services, and

WHEREAS, these services will include administering the project through the construction phase for the Port, and

WHEREAS, the Port's Chief Building Inspector will oversee and direct the CM consultant, and

WHEREAS, the CM consultant will be funded out of project funds, including state and federal grants; and be it

RESOLVED, that staff is requesting authorization to issue a Request for Proposals for construction management services for the Downtown Ferry Terminal construction project.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 20, 1997.

_____
Secretary

I:\wp51\agd- down.cm

PORT OF SAN FRANCISCO

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Writer

MEMORANDUM

November 13, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Pier 50 Shed "D" Interior Improvements, Contract No. 2635; Rescission of Previous Contract Award.

DIRECTOR'S RECOMMENDATION: RESCIND THE PREVIOUS CONTRACT AWARD OF CONSTRUCTION CONTRACT NO. 2635 TO HOK CONSTRUCTION, INC.

On October 14, 1997, the Commission awarded contract No. 2635 to Hok Construction, the second low bidder. That contract has not yet been executed. At the time of award, staff had received an October 6, 1997 letter protesting the Port's determination that the low bid from Trico Construction ("Trico") was non-responsive. Staff had deemed Trico's bid non-responsive for failure to meet the WBE participation goals or demonstrate good faith efforts to meet those goals. In its letter of protest, Trico disputed this determination.

When staff requested this Commission to approve the award to Hok Construction on October 14, 1997, Port staff had not acknowledged the protest, substantively responded or notified Trico that the contract award was scheduled to be acted upon by the Port Commission. The Port's inadvertent failure to respond to Trico's protest denied Trico due process.

To remedy this situation, staff requests the Commission approve the attached resolution rescinding its previous award authorization. In a separate item before the Commission, staff will brief the Commission on the facts of the protest and present its recommendation with respect to the merits of the protest. At that time, Trico will have an opportunity to address the Commission. Staff has also responded to Trico in a letter dated October 28, 1997. These actions will provide Trico with the same opportunity to present its protest and have it heard by the Commission that it would have had at the October 14, 1997 meeting.

Prepared by: Cliff Jarrard, Chief Harbor Engineer

THIS PRINT COVERS CALENDAR ITEM NO. 6B

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-103

WHEREAS, on October 14, 1997, the Commission passed Resolution No. 97-85 which awarded contract No. 2635 to Hok Construction, the second low bidder, and that contract has not yet been executed; and

WHEREAS, at the time of award, staff had received an October 6, 1997 letter protesting the Port's determination that the low bid from Trico Construction ("Trico") was non-responsive; and

WHEREAS, staff had deemed Trico's bid non-responsive for failure to meet the WBE participation goals or demonstrate good faith efforts to meet those goals; and

WHEREAS, Trico in its letter of protest disputed this determination; and

WHEREAS, when this Commission was requested to approve the award to Hok Construction on October 14, 1997, Port staff had not acknowledged the protest, substantively responded or notified Trico that the contract award was scheduled to be acted upon by the Port Commission; and

WHEREAS, the Port's inadvertent failure to respond to Trico's protest denied Trico due process; and

WHEREAS, in a separate item before the Commission, staff will brief the Commission on the facts of the protest and present its recommendation with respect to the merits of the protest and at that time, Trico will have an opportunity to address the Commission and staff has also responded to Trico in a letter dated October 28, 1997; and

WHEREAS, these actions will provide Trico with the same opportunity to present its protest and have it heard by the Commission that it would have had at the October 14, 1997 meeting; therefore be it

RESOLVED, the Commission rescinds Resolution No. 97-85 authorizing award of Contract No. 2635 to Hok Construction.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 20, 1997.

_____
Secretary

PORT OF SAN FRANCISCO

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Writer

MEMORANDUM

November 14, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Pier 50 Shed "D" Interior Improvements, Contract No. 2635; Protest of Trico Construction

DIRECTOR'S RECOMMENDATION: DENY TRICO'S PROTEST

Introduction

The Port has received a protest under the subject procurement. The purpose of this item is to brief the Commission on the facts of the protest, present staff's recommendation with respect to the merits of the protest and provide the protestant with an opportunity to address the Commission before the Commission acts on the protest.

Facts

On August 14, 1997 the Port issued a solicitation for Contract 2635 for certain interior improvements at the Port's new maintenance facility at Pier 50, Shed "D." The solicitation required 21% minority business enterprise ("MBE") and 6% women business enterprise ("WBE") participation in accordance with the San Francisco Administrative Code Section 12D. Bids were originally due on September 12, 1997. By Addendum No. 1 dated September 9, 1997 the bid opening date was extended to September 19, 1997.

Seven bids were submitted to the Port on September 19, 1997. Upon receipt of the bids, the Port Engineering Division and the Human Rights Commission ("HRC") representative assigned to the Port, Carmen Smith, reviewed the bids and determined that Trico's bid was non-responsive. After consulting with the Port Engineering Division, Carmen Smith

THIS PRINT COVERS CALENDAR ITEM NO. 6C

informed Trico during a telephone conversation on September 25th that its bid had been deemed non-responsive. Over the next several days Trico exchanged telephone calls and correspondence with HRC concerning the Port's determination that Trico was non-responsive. On October 3,1997 Port staff informed Trico in writing that its bid was non-responsive (attachment 1). That letter cited two reasons for the Port's determination. These reasons were: (1) Trico did not meet the 6% WBE goal and (2) Trico's good faith efforts were deemed inadequate because other bidders were able to satisfy the goals. Although Trico asserts it submitted a protest letter on October 2, 1997, the Port has no record of receiving that letter. Nevertheless, on October 6, 1997 Trico submitted a second letter to Port staff in which it explicitly protests that Port's October 3, 1997 written determination (attachment 2).

On October 28, 1997 the Port responded to the October 6, 1997 protest letter (attachment 3). In that letter Port staff concluded that Trico had failed to meet the WBE participation goals or demonstrate good faith efforts to meet those goals. Staff explained the basis for that determination in detail. In addition, staff discussed the fact that the subcontractor identified by Trico in its effort to comply with the WBE goal, in addition to not being certified by HRC, was not licensed by the State of California to perform the work for which it was a listed subcontractor.

Trico Failed To Meet The WBE Goal

To meet the 6% WBE goal, Trico listed Farsight Technologies as one of its WBE subcontractors. Farsight Technologies is not an HRC certified contractor. A company that is not HRC certified cannot be used to meet the WBE goal. HRC Attachment 1 to the bid package states at section 1.02A.2.c: "subcontracting goals can only be met with HRC certified MBEs and/or WBEs located in San Francisco." Farsight Technologies is not listed on the HRC rolls. Accordingly, it could not be used to meet the goal. Since the WBE percentage assigned to Farsight Technologies cannot be used, Trico's adjusted WBE participation percentage is 2% which is insufficient to meet the established 6% WBE goal.

Trico's Good Faith Efforts Were Insufficient And Lacked Compelling Documentation

Pursuant to San Francisco's MBE/WBE utilization ordinance, good faith efforts are defined at Section 12D.5. That section sets forth ten factors in the definition of good faith efforts (which are consistent with Public Contract Code Section 2000). Based upon Port staff's review of these ten factors in the context of the facts of this protest staff recommends that the Commission determine that Trico failed to demonstrate good faith efforts to meet the WBE goal.

At section 1.15 B on page 00100-6 of the invitation for bids the Port required bidders to submit documentation of their good faith efforts to comply with the MBE/WBE goals by 3:00 PM on the date bids were due. Trico submitted good faith efforts documentation by the deadline. However, those documents were incomplete. Trico's documentation consisted of

a partially completed HRC Form 2B, a typed one and a quarter page document identified as "Good Faith Efforts Documentation" which is vague and ambiguous and which at times addresses future acts as opposed to past acts when explaining its efforts (Section 12D requires bidders identify steps it has taken, not those it will take) (Attachment 4), a two page telephone log, the first page of copies of form letters to various potential subcontractors and minority and women trade organizations, one second page to one of those letters, an August 27, 1997 letter with a copy of a check addressed to The Entrepreneur with a copy of the advertisement published in the September 2, 1997 issue of that publication and a copy of a letter to the Daily Pacific Builder, but no check or advertisement from that publication demonstrating that a timely advertisement was placed in that publication. These documents are on file with the Commission Secretary.

Staff believes that the following comparison of the ten factors of Section 12D with Trico's actions undertaken to comply with the goals and requirements imposed by the City for participation by minority and women owned businesses as subcontractors demonstrates Trico's inadequate good faith efforts.

1. Attending presolicitation or prebid meetings scheduled by the City to inform bidders of the minority and women business enterprise program requirements for the contract to be awarded.

    - Trico's representative attended the pre-bid meeting. The bidder satisfied this step.

2. Identifying and selecting specific items of the project for which the contract will be awarded to be performed by minority or women business enterprises to provide an opportunity for participation by those enterprises.

    - Trico made no effort to comply with this step by breaking down the items of work into economically feasible units to facilitate MBE/WBE participation.

3. Advertising, not less than 10 calendar days before the date bids are opened, in two or more daily or weekly newspapers, trade associations publications, trade journals or other media, specified by the City for minority and women business enterprises that are interested in a particular contract.

    - As discussed in the Port's October 28, 1997 letter, there is no evidence Trico actually advertised in two newspapers. Only one advertisement was submitted to the Port. To satisfy the requirement for a second advertisement, the bidder submitted only a copy of an August 27, 1997 letter requesting placement of the other advertisement. However, there is no evidence the letter was actually sent or the advertisement placed. In response, Trico asserts that it did not submit a copy of the alleged second advertisement because it does not subscribe to the publication in which it asserts it advertised. This does not excuse Trico's failure to attach the advertisement since the publication is presumably available from the publisher or other sources.

4. Providing written notice of his or her interest in bidding on the contract to a number of minority or women business enterprises required to be notified by the project specifications not less than 10 calendar days prior to the opening of the bids.

   - Trico's letters demonstrate the bidder met this step.

5. Following up initial solicitations of interest by contacting the enterprises to determine certainty whether the enterprises are interested in performing specific items on the project.

   - Trico's telephone log demonstrates it contacted or attempted to contact potential bidders, but does not demonstrate the substance of any actual follow-up activities. Moreover, Trico's typed document explaining its good faith efforts, identified above, does not detail any of its follow-up activities.

6. Providing interested minority and women business enterprises with information about the plans, specifications, and the requirements for the selected subcontracting opportunities or material supply work.

   - Although in its typed document Trico states it did comply with this requirement, there is no evidence Trico actually provided any interested MBE/WBEs with information so as to comply with this step.

7. Requesting assistance from minority and women community organizations, etc. that provide assistance in the recruitment and placement of minority and women business enterprises, if any.

   - Trico's letters demonstrate it complied with this step.

8. Negotiating in good faith with minority and women businesses which have submitted bids for subcontracting work and providing a reasonable justification for rejection of bids or proposals prepared by any minority or women businesses.

   - Trico did not submit any evidence of its compliance with this step or indicate in its documentation that it did not reject any bids. Trico now contends that it did not reject any bids. However, as noted above, Trico was required to demonstrate its good faith efforts as of 3:00 PM on the day of bidding. It cannot later supplement that documentation.

9. Where applicable, advising and making efforts to assist interested minority and women businesses in obtaining bonds, lines of credit, or insurance required by the City or contractor.

   - Trico did not submit any evidence of its compliance with this step or that it even offered to provide assistance. In response, Trico states that no potential subcontractors requested assistance. However, by not explicitly making the

offer, the fact it was not requested is of little consequence since Trico's silence may have discouraged subcontractors from seeking assistance. In comparison, the contractor who placed the advertisement directly adjacent to Trico's in The Entrepreneur, which was submitted by Trico to the Port, plainly stated its willingness to provide assistance to potential MBE/WBE subcontractors.

10. Making efforts to obtain minority and women business participation that the City could reasonable expect would produce a level of participation sufficient to meet the City's goals and requirements.

    - Based on Trico's failure to provide the information at the time stated in the solicitation, necessary to demonstrate compliance with each of the nine steps identified above, it appears to Port staff that Trico did not meet this step.

Trico has bid on other City projects, particularly at the Airport, in the past in which it has demonstrated compliance with these requirements. Given its extensive past experience with these requirements, it is evident that Trico knows what is required under the ordinance but, for whatever reason, did not make that effort here.

Trico has requested that the Port permit it to remedy its deficient good faith efforts. This request is without merit. The solicitation contains language which clearly states the time by which the good faith efforts documentation must be submitted. It is well-established that, by law, no bidder, including Trico, is permitted to change its documentation after that time. Although Trico has not responded to this well-established rule of government contracting, Trico has nevertheless repeated its request, stating that the Port has previously allowed other bidders to "substitute subcontractors in situations identical to this…". Trico's statement is incorrect. On the only occasion in which staff recalls allowing substitution of a subcontractor after the time set in the solicitation, but before award, the facts were entirely different than those here. In that case, the bidder (prime contractor) demonstrated its compliance with the MBE/WBE goals using an HRC certified firm. Subsequent to the submission of bids and good faith efforts documentation, HRC investigated that HRC certified subcontractor and threatened to revoke its certification. Because, in that case, the prime contractor had no way of knowing that the City would take some subsequent action against the subcontractor which would knock it out of compliance with the Section 12D requirements, the Port agreed that if the subcontractor was ultimately disqualified, the prime contractor would be allowed to substitute another HRC certified firm for the same work at the same price. In this case, the City has not taken any action to interfere with Trico's compliance with the requirements. Rather, Trico simply failed to submit adequate documentation of compliance. These matters were entirely within its control.

Finally, Trico has threatened to challenge the Port's award on constitutional grounds. As an HRC certified firm that has in fact received other City contracts under this program, and directly benefited from the social economic purposes Section 12D promotes, it is obviously disingenuous of Trico to now question the constitutional basis for that program. Staff infers from Trico's challenge of this program that Trico is renouncing the program and, of course,

no longer intends to claim this preference in future City procurements. Accordingly, staff has notified HRC of Trico's position. Finally, staff has been assured by the City that any effort by Trico to challenge the ordinance on constitutional grounds will be vigorously opposed given Trico's status as a direct beneficiary of the program.

Trico Listed An Unlicensed Subcontractor

Trico's bid was also deemed non-responsive by staff because Trico listed as a subcontractor a firm (Farsight Technologies) that, on the bid day, was not a licensed contractor. A subcontractor that is unlicensed violates the bidding requirements. Document 00100 Article 1.23 of the invitation for bids states:

> "The bidder and all subcontractors mentioned in this bid must be licensed with the Department of Consumer Affairs, Contractors State Licensing Board of the State of California.... Failure of bidder or his subcontractors to possess the proper license will be deemed sufficient cause for the rejection of the bid."

Because Farsight Technologies was not a licensed contractor, staff determined that Trico's bid was non-responsive.

Conclusion

For the above stated reasons, staff recommends the Commission determine Trico's protest is without merit and further recommends it be denied. Staff recommends the Commission deem Trico's bid non-responsive.

Prepared by: Cliff Jarrard, Chief Harbor Engineer

PORT OF SAN FRANCISCO

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Writer

October 3, 1997

Mr. Robert Eidler
TRICO Construction
445-C Hampshire Street
San Francisco, CA 94110

via FAX 552-8512

SUBJECT: Pier 50 Shed "D" Interior Improvements Project, Contract No. 2635 – Bid Result

Dear Mr. Eidler:

This letter is in response to your September 30, 1997 fax.

Thank you for submitting a bid for the subject project. Upon reviewing TRICO's bid, the Port Engineering Division is in concurrence with the Human Rights Commission's ("HRC") determination, that TRICO's bid is, unfortunately, non-responsive. TRICO's bid is deemed non-responsive because it did not meet the WBE goal of 6%. As you know, TRICO listed Farsight Technologies as a WBE company. However, Farsight Technologies is not an HRC certified company and therefore its participation could not be counted toward meeting the WBE goal. Without Farsight Technologies, TRICO did not meet the WBE goal. Although TRICO submitted good faith efforts documentation, the good faith efforts have been deemed inadequate because other bidders were able to satisfy the subcontracting program goals.

If you have any further questions, please contact Mr. Rob Lim of my staff at (415) 274-0544 or by fax at (415) 274-0551. Again, the Port appreciates your bidding on this project and encourages TRICO to compete for future Port projects.

Sincerely,

Cliff Jarrard P.E.
Chief Harbor Engineer

cc: R. Lim, E. Byrne, C. Smith, Contract File

ATTACHMENT I

TRICO
CONSTRUCTION
General Contractors

October 6, 1997

FAXED

Mr. Cliff Jarrard, P.E.
Chief Harbor Engineer
Port of San Francisco
Ferry Building
San Francisco. Ca. 94111

Subject: Pier 50 Shed "D" Interior Improvements
Contract No. 2635

Dear Mr. Jarrard:

Receipt of your letter. dated October 3, 1997, in reply to our letter of September 30. 1997, is acknowledged.

By our letter of October 2, 1997 we filed a formal protest for the reason stated therein.

It was agreed that the City Attorney would issue a ruling on how and when the "Good Faith Effort" would be considered toward the award of a project.

Pending our receipt of said written ruling we must protest the decision made by your October 3. 1997 letter.

Very truly yours,

TRICO CONSTRUCTION

Robert Eidler

ATTACHMENT II

445-C HAMPSHIRE STREET
SAN FRANCISCO, CA 94110
415-552-8439

PORT OF SAN FRANCISCO

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San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

October 28, 1997

Ms. Carmen Bruschera, President
Trico Construction
445-C Hampshire Street
San Francisco, CA 94110

via FAX 552-8512 & Mail

SUBJECT: Pier 50 Shed "D" Interior Improvements Project, Contract No. 2635 – Bid Protest

Dear Ms. Bruschera:

I. Introduction

This letter is in response to Trico Construction's ("Trico") protest letter dated October 6, 1997. Trico protests the Port's decision to reject Trico's bid as non-responsive for failure to meet the WBE participation goals or demonstrate good faith efforts to meet those goals. For the reasons stated below, Trico's protest is denied.

Before addressing the merits of Trico's protest, the Port needs to clarify that it never received an October 2, 1997 protest from Trico. Trico's October 6, 1997 states that "by our letter of October 2, 1997 we filed a formal protest for the reason stated therein." The Port has no record of the October 2, 1997 letter. Our records indicate receipt of the following correspondence from Trico:

- September 29, 1997 letter to Carmen Smith at HRC:
- September 30, 1997 letter to Cliff Jarrard at the Port;
- Two (2) October 1, 1997 letters to Carmen Smith; and
- An October 6, 1997 letter to Cliff Jarrard.

If Trico has sent other correspondence to the Port, it has not been received, and we request Trico submit that correspondence again.

II. Facts

On August 14, 1997 the Port issued a solicitation for Contract No. 2635. The solicitation required 21% MBE and 6% WBE participation in accordance with San Francisco Administrative Code Section 12D. Bids were originally due on September 12, 1997. By Addendum No. 1, dated September 9,1997 the bid opening date was extended to September 19, 1997.

Seven bids were submitted to the Port, including Trico's bid, on September 19, 1997. Upon receipt of the bids, the Port engineering department and the Human Rights Commission ("HRC") representative assigned to the Port, Carmen Smith, reviewed the bids and determined that Trico's bid was non-responsive for failure to meet the WBE goal.

After consulting with the Port engineering department to obtain its concurrence, Carmen Smith informed Trico during a telephone conversation on September 25th that its bid had been deemed non-responsive.

III. Trico's Protest Is Untimely

Bids were opened on September 19, 1997. Pursuant to Document 00100 Article 1.16I of the project manual, protests were to be filed in writing by the close of business on Friday September 26, 1997. On September 25th, the HRC Contract Compliance Officer, Carmen Smith, informed Trico that its bid was non-responsive for failing to satisfy the M/WBE participation requirements. Accordingly, Trico knew the basis on which its bid was rejected prior to the deadline and could have filed a timely protest by September 26, 1997, but did not do so. Trico's alleged October 2, 1997 letter of protest, which the Port has no record of, does not meet the specified submittal deadline. Accordingly, Trico's protest is untimely.

IV. Trico Did Not Meet the WBE Goal and Licensing Requirements

Based upon the Port's review of Trico's bid, Trico's bid was deemed non-responsive. Trico's bid was deemed non-responsive because the listed subcontractor (Farsight Technologies) used to satisfy the WBE goal is neither an HRC certified company nor a licensed contractor. A subcontractor that is unlicensed violates the bidding requirements. Document 00100 Article 1.23 of the project manual states:

> "Failure of bidder or his subcontractors to possess the proper license will be deemed sufficient cause for the rejection of the bid."

Farsight Technologies, which is listed as the subcontractor for doors, frames, hardware. carpentry, and toilet partitions, is not licensed with the State of California to perform that type of work. Accordingly, it cannot be used as a subcontractor on this project.

Farsight Technologies is also not an HRC certified WBE subcontractor. A company that is not HRC certified cannot be used to meet the WBE goal. HRC Attachment 1 1.02A.2.c. to the bid package states that, "subcontracting goals can only be met with HRC certified MBEs and/or WBEs located in San Francisco." Farsight Technologies is not listed on the HRC rolls. Moreover, Trico has not presented evidence that it made any effort to confirm Farsight Technologies' status as an HRC certified firm, or that Farsight Technologies somehow misrepresented its status to Trico.

V. Trico's Good Faith Efforts Were Insufficient

In addition to not meeting the WBE goal and listing an unlicensed subcontractor, Trico's good

faith efforts are deemed unsatisfactory.

First, the HRC Form 2B that was submitted by Trico was incomplete. Item number 1 of the form requested information on the "dates and methods used for following up initial solicitations to determine with certainty whether the MBE/WBEs were interested, attaching copies of letters and supporting documentation." Except for the telephone log, no information was provided regarding other methods used to follow-up with M/WBE contractors. The telephone log indicated that almost all the follow-up efforts took place on one day and that the time spent on follow-up with individual contractors was minimal. Except for the initial subcontractor solicitation letter, Trico did not provide any follow-up letters or other supporting documentation.

Item number 2 of the form requested Trico supply the Port with information showing the "Items of work for which the bidder requested subcontractor services supplied by MBE/WBEs, the information furnished interested M/WBEs in the way of requirements for the work, and any breakdown of tasks into economically feasible units to facilitate MBE/WBEs participation." Trico did not furnish any of this information.

Item number 3 of the form requested the names of rejected M/WBEs and a summary of discussions with those firms. Again, Trico did not make any effort to provide this information.

Item number 4 requested information on subcontractors that were selected and the reasons those subcontractors were selected over MBEs and WBEs. Although Trico's bid demonstrates its intent to subcontract, Trico did not even attempt to respond to this item. This lack of response alone clearly demonstrates Trico's lack of good faith.

Item number 5 requested information on assistance extended to rejected M/WBEs to remedy their bid deficiencies. Trico's response was: "see attached letter." The attached letter contains absolutely no information on what assistance Trico extended to rejected M/WBEs. The comments contained in the phone log are not sufficient to satisfy the information requested in HRC Form 2B. Again, Trico's utter disregard for the MBE/WBE program are readily apparent.

In response to item 7 (there is no item 6) Trico again referred the Port and HRC to its attached letter. The letter purports to demonstrate Trico's good faith efforts. However, it falls far short of the minimal acceptable standard, particularly in light of the fact that other bidders were able to meet the goals. The letter focuses entirely on Trico's outreach efforts in three ways: (1) letters to minority firms and organizations that assist those firms, (2) a telephone log and (3) a copy of one of the two advertisements allegedly placed in newspapers.

Trico's letters to minority firms are plainly insufficient. The letters submitted by Trico, all but one of which were missing the second page of the two page letter, made no effort to solicit particular subcontractors for specific items of work, encourage minority firms to bid or mention any willingness of Trico to assist firms in preparing bid or obtaining bonds.

The telephone log is also insufficient. Out of the 39 companies listed in the phone log, only 8

are WBEs and 3 are M/WBEs. In light of the fact that Trico did not demonstrate any specifics of its outreach effort, make any effort to solicit bids for specific types of work or provide any information concerning its discussions with these firms, simply contacting a total of 11 WBE companies does not demonstrate a good faith effort. Moreover, out of the 11, only one of these firms potentially performs the same type of work that Farsight was listed for. The phone log indicates that Trico's follow-up efforts with many of the potential subcontractors lasted only a minute or less. Finally, Trico's contacts with M/WBEs took place simultaneously for Port contract numbers 2635 and 2644. This shows a lack of concentrated effort to solicit M/WBEs for this specific project. For these reasons, Trico's efforts to utilize WBEs are inadequate.

With specific reference to Farsight Technologies, the good faith efforts do not even mention this firm. There was no documentation submitted regarding Trico's efforts to confirm the HRC and license status of Farsight Technologies. Indeed, in Trico' phone log and copies of correspondence, there was no reference to Farsight.

Trico's advertisement was also insufficient. On pages 6 and 7 of HRC Attachment 1, good faith efforts are described to include several areas. One of those areas include "identifying and selecting specific items of the project for which the contract will be awarded to be performed by minority or women business enterprises to provide an opportunity for participation by those enterprises." In Trico's solicitation letters and advertisement, there is no breakdown of specific items. There is also no indication of Trico offering assistance with bonding, insurance, and credit. Trico's advertisement is inadequate when contrasted to the adjacent advertisement. The adjacent advertisement provides a detailed breakdown of sought after trades and an offer of bonding, insurance, and credit assistance. Also, copies of two advertising request letters were included in Trico's documentation. However only one advertisement copy was included.

HRC Attachment 1 1.04H. states that, "any bid proposal that fails to meet the specified MBE and WBE percentage goals will be considered non-responsive and shall be rejected *unless compelling documentation is submitted with HRC Form 2B setting forth why the goal cannot be met.*" Trico's documentation is not compelling and is deemed insufficient.

VI. Conclusion

For the reasons stated above, Trico's bid is deemed non-responsive. If you have any further questions, please contact me at (415) 274-0541 or by fax at (415) 274-0551.

Sincerely,

Cliff Jarrard P.E.
Chief Harbor Engineer

cc: R. Lim, E. Byrne, S. Zeller, J. Rakow, C. Smith, Contract File

GOOD FAITH EFFORTS DOCUMENTATION

To comply with the goals and requirements for participation by minority, women and disabled veteran business enterprises as subcontractors and suppliers Trico Construction has taken the following steps:

A. A representative of our firm attended the pre-bid meeting wherein the Affirmative Action requirements were discussed.

B. We targeted specific items of the project and solicited bids from minority, women and disabled veteran business enterprises for these items to provide an opportunity for participation by those enterprises.

Copies of letters enclosed.

C. We advertised in the following publications to solicit bids from minority, women and disabled veteran business enterprises:

Daily Pacific Builder
The Entrepreneur

Copies of requests enclosed.

D. We have written to the various agencies requesting their participation in the procurement of women, minority and disabled veteran business enterprise firms.

Copies of letters enclosed.

E. We provided plans and specifications to interested minority, women and disabled veteran business enterprise firms, answered questions and provided assistance as necessary. We maintain a plan room for their use.

F. Trico Construction negotiates in good faith with all of our potential subcontractors, including minority, women and disabled veteran business enterprises. We will not unjustifiably reject as unsatisfactory bids prepared by any minority, women or disabled veteran business enterprise firms.

G. Although we were not contacted by any interested minority, women or disabled veteran business enterprise firms for such services, Trico Construction will, where applicable, advise and make efforts to assist interested firms in obtaining bonds, insurance and lines of credit.

H. Through steps taken above, Trico Construction has made efforts to obtain minority, women and disabled veteran business enterprise participation that could reasonably expect would produce a level of participation sufficient to meet the goals and requirements for this project.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-104

WHEREAS, on August 14, 1997 the Port issued a solicitation for Contract 2635 for certain interior improvements at the Port's new maintenance facility at Pier 50, Shed "D," which required 21% minority business enterprise ("MBE") and 6% women business enterprise ("WBE") participation in accordance with the San Francisco Administrative Code Section 12D;

WHEREAS, seven bids were submitted to the Port on September 19, 1997, and Port staff and the Human Rights Commission ("HRC") representative assigned to the Port reviewed the bids and determined that the low bid submitted by Trico's was non-responsive; and

WHEREAS, Trico protested the Port staff's decision to deem their bid non-responsive; and

WHEREAS, Trico listed a company as one of its WBE subcontractors that is not HRC certified and a company that is not HRC certified cannot be used to meet the WBE goal; and

WHEREAS, without that WBE subcontractor, Trico's adjusted WBE participation percentage is 2% which is insufficient to meet the established 6% WBE goal; and

WHEREAS, the Port staff deemed Trico's bid to be non-responsive because Trico failed to meet the WBE goal; and

WHEREAS, Trico's HRC Form 2B (Construction MBE/WBE Information: Good Faith Efforts) is incomplete, and staff has demonstrated that Trico failed to satisfy the ten factors in the definition of good faith efforts set forth in San Francisco's MBE/WBE utilization ordinance Section 12D.5; and

WHEREAS, the Commission concurs that Trico's bid is non-responsive because Trico failed to demonstrate Good Faith Efforts to meet the WBE goal; and

WHEREAS, the Commission concurs that Trico's bid is non-responsive because Trico listed as a subcontractor a firm that, on bid day, was not a licensed contractor; and a subcontractor that is unlicensed violates the bidding requirements and is deemed sufficient cause for the rejection of the bid; and therefore be it

RESOLVED, that the Commission finds that Trico failed to meet the WBE goal; and further, be it

RESOLVED, that the Commission finds that Trico failed to demonstrate sufficient good faith efforts to meet the WBE goal; and further, be it

RESOLVED, that the Commission finds that Trico listed an unlicensed subcontractor; and further, be it

RESOLVED, that the Commission finds that Trico's bid is non-responsive; and further, be it

RESOLVED, that the Commission finds that Trico's protest is without merit; and further, be it

RESOLVED, the Commission denies Trico's protest.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 20, 1997.

_____
Secretary

\\PACIFICA\USERS\PORTWIDE\RLIM\commission memo re protest.doc

PORT OF SAN FRANCISCO

MEMORANDUM

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

November 14, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Pier 50 Shed "D" Interior Improvements, Contract No. 2635; Award of Construction Contract

DIRECTOR'S RECOMMENDATION: APPROVE THE AWARD OF CONSTRUCTION CONTRACT NO. 2635 TO HOK CONSTRUCTION, INC.

The Commission previously authorized the advertisement of several construction contracts to provide improvements to Pier 50. This approval included Contract No. 2635 which consists of interior improvements to Pier 50, Shed D, including partial demolition of the existing interior spaces and construction of new offices, shops, and a warehouse, resurfacing of floors, and acoustical ceilings in office areas. The contract also includes mechanical, plumbing and electrical systems.

Seven bids were received on September 19, 1997. Four on the seven bids were submitted by MBE, WBE, or Joint Venture prime contractors. A copy of the Bid Results is attached. The apparent low bid submitted was $1,318,000. However, this bid was determined to be non-responsive because the bidder did not satisfy the WBE subcontracting goal, did not fulfill the good faith efforts requirements, and listed an unlicensed subcontractor. The MBE and WBE subcontracting goals were 21% and 6% respectively. The lowest responsive bid meeting the goals is $1,348,000 submitted by Hok Construction, Inc., of San Francisco. Hok Construction is an MBE firm and its MBE and WBE subcontracting participation is 35% and 10% respectively.

Staff recommends the Commission approve the award of this contract to Hok Construction and authorize a 10% contingency for possible Type 1 contract modifications.

Prepared by: Cliff Jarrard, Chief Harbor Engineer

THIS PRINT COVERS CALENDAR ITEM NO. 6D

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-105

WHEREAS, the Commission previously approved the advertisement of several construction contracts to provide improvements to Pier 50; and

WHEREAS, this approval included Contract No. 2635 which consists of interior improvements to Pier 50, Shed "D", including partial demolition of the existing interior spaces and construction of new offices, shops, and a warehouse, resurfacing of floors, and acoustical ceilings in office areas. The contract also includes mechanical, plumbing and electrical systems; and

WHEREAS, seven bids were received on September 19, 1997 including an apparent low bid of $1,318,000; and

WHEREAS, the low bid was determined to be non-responsive because the bidder did not satisfy the WBE subcontracting goal, fulfill the good faith efforts requirements, and listed an unlicensed subcontractor; and

WHEREAS, the MBE and WBE subcontracting goals are 21% and 6% respectively; and

WHEREAS, the lowest responsive bid is $1,348,000 submitted by Hok Construction, Inc. which is an MBE company with MBE and WBE subcontracting participation of 35% and 10% respectively; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes the award of Contract No. 2635 to Hok Construction, Inc. at a cost of $1,348,000, authorizes a 10% contingency for possible Type 1 contract modifications; and authorizes the Executive Director to accept the work upon final completion of the work.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of November 20, 1997.

_____
Secretary

BID SUMMARY
PORT OF SAN FRANCISCO

Prepared By: Victor Yew
Checked By: Rob Lim
Date: September 23, 1997

Project: Pier 50 Shed D Interior Improvements
Contract No.: 2635 **Project Manger: Ed Byrne** **Bids Opened: Friday, September 19, 1997, 2 P.M.**

			Trico Construction 445C Hampshire Street San Francisco, CA 94110 (415) 552-8439		Hok Construction 401 China Basin St. #132 San Francisco, CA 94107 (415) 896-5168		Lawrence Construction Co./West Bay Builders Inc., J.V 355 Fremont St. San Francisco, CA 94105 (415) 908-3824		Adolph Schmidt General Contractors, Inc. 1350 Natoma Street San Francisco, CA 94103 (415) 621-5339		Alpha Bay Builder's, Inc. 1962 47th Avenue San Francisco, CA 94116 (415) 731-2585	
Bid Item #	**Description**	**Estimated Quantity**	**Unit /LS Price**	**Total**	**Unit /LS Price**	**Total**	**Unit /LS Price**	**Total**	**Unit /LS Price**	**Total**	**Unit /LS Price**	**Total**
1	NOT APPLICABLE	-		-		-		-		-		-
2	Supply and installation of architectural and structural systems and accessories, and all additional items of work noted in the contract documents but not specifically noted in Bid Items 1, 3 and 4.	LUMP SUM		$ 318,000.00		$ 700,000.00		$ 270,000.00		$ 494,138.00		$ 370,000.00
3	Supply and installation of mechanical and plumbing systems.	LUMP SUM		$ 900,000.00		$ 680,000.00		$ 1,033,000.00		$ 838,900.00		$1,000,000.00
4	Supply and installation of electrical systems and lighting.	LUMP SUM		$ 100,000.00		$ 75,482.00		$ 92,000.00		$ 75,482.00		$ 100,000.00
	Totals			$1,318,000.00		$1,348,000.00 see note 1		$ 1,395,000.00		$1,408,520.000		$1,470,000.00 see note 2

Note 1: Listed total is not consistent with the sum of the individual items. Contractor has confirmed that the listed total is the bid price.
Note 2: Contractor Bid Item No. 2 amount indicated on Document 00302 of $37,000 was incorrect. This figure was corrected to $370,000.

Distribution: C. Jarrard, E. Byrne, R. Lim, Bid Summary Binder, Contract File No. 2635

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BID SUMMARY
PORT OF SAN FRANCISCO

Prepared By: Victor Yew
Checked By: Rob Lim
Date: September 23, 1997

Project: Pier 50 Shed D Interior Improvements
Contract No.: 2635 **Project Manager: Ed Byrne** **Bids Opened: Friday, September 19, 1997, 2 P.M.**

			Angotti & Reilly Inc. 325 Fremont Street San Francisco, CA 94105 (415) 777-2222		AA Construction Co. 842 Folsom Street San Francisco, CA 94107 (415)512-8780							
Bid Item #	**Description**	**Estimated Quantity**	**Unit /LS Price**	**Total**	**Unit /LS Price**	**Total**						
1	NOT APPLICABLE	-		-		-						
2	Supply and installation of architectural and structural systems and accessories, and all additional items of work noted in the contract documents but not specifically noted in Bid Items 1, 3 and 4.	LUMP SUM		$ 406,000.00		$ 397,800.00						
3	Supply and installation of mechanical and plumbing systems.	LUMP SUM		$1,020,000.00		$1,221,000.00						
4	Supply and installation of electrical systems and lighting.	LUMP SUM		$ 80,000.00		$ 99,450.00						
	Totals			$1,506,000.00		$1,718,250.00						

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BID SUMMARY
PORT OF SAN FRANCISCO

Prepared By: Victor Yew
Checked By: Rob Lim
Date: September 23, 1997

Project: Pier 50 Shed D Interior Improvements
Contract No.: 2635 **Project Manager: Ed Byrne** **Bids Opened: Friday, September 19, 1997, 2 P.M.**

		Trico Construction 445C Hampshire Street San Francisco, CA 94110 (415) 552-8439		Hok Construction 401 China Basin St., #132 San Francisco, CA 94107 (415) 896-5168		Lawrence Construction Co./We Bay Builders Inc., J.V 355 Fremont St. San Francisco, CA 94105 (415) 908-3824		Adolph Schmidt General Contractors, Inc. 1350 Natoma Street San Francisco, CA 94103 (415) 621-5339		Alpha Bay Builder's, Inc. 1962 47th Avenue San Francisco, CA 94116 (415) 731-2585	
Required Forms	Document #	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)
Bid	00300	Y		Y		Y		Y		Y	
Addenda Acknowledgement		Y		Y		Y		Y		Y	
Schedule of Bid Prices	00302	Y		Y		Y		Y		Y	
Schedule of Unit Prices	00304	N/A		N/A		N/A		N/A		N/A	
Bid Bond	00411	Y		Y		Y		Y		Y	
Experience & Financial Qualifications	00420	Y		Y		Y		Y		Y	
List of Subcontractors	00430	Y		Y		Y		Y		Y	
Non-Collusion Certification	00481	Y		Y		Y		Y		Y	
HRC Form 1		Y		Y		Y		Y		Y	
HRC Schedule A (as applic, by 5pm)											
HRC Schedule L (as applic, by 5pm)											
HRC Form 2A		Y		Y		Y		Y		Y	
HRC Form 2B		Y		Y		Y		Y		Y	
HRC Form 3		Y		Y		Y			N	Y	
HRC Form 12B-101		Y		Y		Y		Y		Y	
HRC Form 12B-102		Y		Y		Y		Y		Y	
HRC Form 12B-103		Y		Y		Y		Y		Y	
Apprenticeship Program	00490	Y		Y		Y		Y		Y	
Business Tax Reg Declaration	00491	Y		Y		Y		Y		Y	
Highest General Prevailing Wage	00492	Y		Y		Y		Y		Y	
Equal Opp Empl & Bus Practices: LD	00493	Y		Y		Y		Y		Y	
MacBride Principles	00494	Y		Y		Y		Y		Y	
Deemed Responsive by Engin & HRC (Y/N) ?			N	Y		Y			N	Y	
		→	Note 1						Note 1		
Total Bid		**$ 1,318,000.00**		**$ 1,348,000.00**		**$ 1,395,000.00**		**$ 1,408,520.00**		**$ 1,470,000.00**	
PREFERENCES											
MBE	10%	($)		$ (134,800.00)		$ (139,500.00)				$ (147,000.00)	
WBE	10%	$ (131,800.00)									
LBE	5%	($)						$ (70,426.00)			
JV	5%	($)									
JV	7.5%	($)									
JV	10%	($)									
Adjusted Bid		**$ 1,186,200.00**		**$ 1,213,200.00**		**$ 1,255,500.00**		**$ 1,338,094.00**		**$ 1,323,000.00**	

Note1: WBE goal was not met.
Note 2: MBE goal was not met

BID SUMMARY
PORT OF SAN FRANCISCO

Prepared By: Victor Yew
Checked By: Rob Lim
Date: September 23, 1997

Project: Pier 50 Shed D Interior Improvements
Contract No.: 2635 **Project Manager: Ed Byrne** **Bids Opened: Friday, September 19, 1997, 2 P.M.**

		Angotti & Reilly Inc. 325 Fremont Street San Francisco, CA 94105 (415) 777-2222		AA Construction Co. 842 Folsom Street San Francisco, CA 94107 (415)512-8780							
Required Forms	Document #	Yes (Y)	No (N)	Yes (Y)	No (N)						
Bid	00300	Y		Y							
Addenda Acknowledgement		Y		Y							
Schedule of Bid Prices	00302	Y		Y							
Schedule of Unit Prices	00304	N/A		N/A							
Bid Bond	00411	Y		Y							
Experience & Financial Qualifications	00420	Y		Y							
List of Subcontractors	00430	Y		Y							
Non-Collusion Certification	00481	Y		Y							
HRC Form 1		Y		Y							
HRC Schedule A (as applic, by 5pm)											
HRC Schedule L (as applic, by 5pm)											
HRC Form 2A		Y		Y							
HRC Form 2B		Y			N						
HRC Form 3			N	Y							
HRC Form 12B-101		Y		Y							
HRC Form 12B-102		Y		Y							
HRC Form 12B-103		Y		Y							
Apprenticeship Program	00490	Y			N						
Business Tax Reg Declaration	00491	Y			N						
Highest General Prevailing Wage	00492	Y			N						
Equal Opp Empl & Bus Practices: LD	00493	Y			N						
MacBride Principles	00494	Y			N						
Deemed Responsive by Engin & HRC (Y/N) ?			N		N						
			Note 1		Note 2						
Total Bid		$ 1,506,000.00		$ 1,718,250.00							
PREFERENCES (as applicable):											
MBE	10%										
WBE	10%	($)									
LBE	5%	$ (75,300.00)		$ (85,912.50)							
JV	5%	($)									
JV	7.5%	($)									
JV	10%	($)									
Adjusted Bid		**$ 1,430,700.00**		**$ 1,632,337.50**							

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SAN FRANCISCO
PORT COMMISSION

NOVEMBER 20, 1997
MINUTES OF THE SPECIAL MEETING

DOCUMENTS DEPT.

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MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. DENISE McCARTHY, VICE PRESIDENT
HON. FRANKIE G. LEE
HON. JAMES HERMAN
HON. KIMBERLY BRANDON

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
NOVEMBER 20, 1997

1. ROLL CALL

The meeting was called to order by Commission President Michael Hardeman at 4:02 p.m. The following Commissioners were present: Michael Hardeman, Denise McCarthy, Frankie Lee, James Herman and Kimberly Brandon.

2. APPROVAL OF MINUTES – November 7, 1997 Special Meeting

ACTION: Commissioner Herman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor. The minutes were adopted.

3. EXECUTIVE

A. Executive Director's Report. Mr. Wong reported the following:

1) City's Workers Compensation – At the last Department Heads meeting, the Mayor expressed concern about the City's Workers Compensation Policy. The Mayor stated that the workers compensation claims are getting out of hand. In Fiscal Year 1997 there were $52 million in workers compensation claims. He asked department heads to review their workers compensation allocations and report back to him as soon as possible.

Mr. Wong stated that, under Karen Taylor's direction, the Port's worker's compensation costs have decreased from $373,700 in FY 94/95 to $292,600 for FY 97/98; representing a 21.7% decrease. The Port's incident rate has decreased from 28.7% in November 1995 to 15.7% in September 1997; representing a 45% reduction. He indicated that the Port's reserve value on its cases in March 1991 was $1,120,000. The reserve as of August 31, 1997 was $590,000; representing a 47% reduction. The improvement in the Port's health and safety statistics is due to the following: (1) increase of health and safety activities within the Maintenance Department such as tailgate meetings, periodic inspections and injury investigations; (2) more consistent and widespread implementation of the Port's Return to Work Policy; (3) more focus on worker's compensation claims handling

management through FIRM Solutions, the Port's claims administrator.

Mr. Wong acknowledged Karen Taylor's efforts and remarked that, overall, the Port is in great shape with regard to its workers compensation policies.

2) The Giants Groundbreaking Ceremony will be held on December 11, 1997 at 11:30 a.m. The event will be produced by Bill Graham Presents and it will be a major civic opportunity and celebration. The Giants is inviting all the citizens of San Francisco to the ceremony.

4. MARITIME

A. Consent to acquisition of capital stock of San Francisco Drydock, Inc., and approval of assignment of Lease 11968 to SWM Holdings, Inc., a Delaware Corporation. (Resolution No. 97-99)

Mr. Peter Dailey, Acting Maritime Director, indicated that San Francisco Drydock (SFD) operates a full service ship service facility on Port land at Piers 68 and 70 under two Port leases. Lease 11320 is an amended 30-year lease, expiring in the year 2017 and it governs SFD's use of 26 acres of land and water that comprise the shipyard leasehold. SFD's second lease 11968 is a month-to-month agreement that governs 6 acres of property, which is used as a machine shop, a remediation facility and a parking lot for the facility's workers. Together these two agreements govern all lands and facilities necessary for SFD to operate as the last full-service ship repair yard at the Port. SFD employs up to 400 people and is a leading ship repair facility on the West Coast, especially in the conversion, overhaul and modernization of government and commercial vessels.

On October 13, 1997, SFD and their parent company, South West Marine, signed an agreement with Carlyle Group, a private merchant bank located in Washington, D.C. to sell all of SFD's issued and outstanding capital stock. With the purchase of SFD and Southwest Marine, the Carlyle Group has formed a new entity named SWM Holdings, Inc. The Carlyle Group is a global private investment firm that currently manages several investments including a $1.3 billion private equity fund and is also a leading private buyer of defense and aerospace businesses. It is not expected that this transition will have any negative effect on SFD's employees or its commercial presence. With the Carlyle Group's strong financial position, it will be able to provide the San Francisco facility with additional resources for continued growth. While the Port's long-term lease 11320 allows without Port

Commission's approval for the transfer of the lease to a new ownership lease, the month-to-month lease 11968 requires that an assignment of this lease to a new owner must receive Port Commission approval. To approve the assignment of the month-to-month lease to the new ownership group assures a smooth transfer.

Mr. Dailey then introduced Carl Hanson, who will be appointed president of the new entity in San Francisco.

Commissioner McCarthy commented that the Commission is glad that Mr. Hanson will be retained and there will be no apparent difference in the operation.

ACTION: Commissioner Herman moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

B. Approval of amendment to Lease L-11320 with San Francisco Drydock, Inc., extending the period for negotiation of new rent and terms from December 17, 1997 to February 17, 1998. (Resolution No. 97-100)

Mr. Peter Dailey indicated that this item pertains to a proposed extension for two months of a current lease with San Francisco Drydock (SFD). On December 2, 1997, the Port entered into a 30-year lease with Southwest Marine, under which SWM leases and operates the shipyard facilities at Piers 68/70. In 1993, SWM assigned their lease to SFD. The early 1990s saw a dramatic reduction in the amount of military ship repair work in Northern California due to cuts in the Bay Area U.S. Naval operations. Military ship repair jobs, traditionally, are a large percentage in local ship repair facility work. Without these contracts, some of the local ship facilities ended their Northern California operation.

Faced with this new commercial reality, SFD and the Port of San Francisco in 1994 renegotiated the terms and conditions of SFD's lease that resulted in SFD's reducing the total acreage of their facility and reducing their fixed rent. The rationale for this amendment was to increase SFD's ability to attract work by allowing the tenant to use and pay for only that portion of the facility that was vital to compete in a commercial environment. The Port was attempting to protect hundreds of skilled trade jobs that the shipyard generates. Since the last Commission action, there has been a general increase in the amount of business. The intent has been successful. The 1994 amendment expires in December 17, 1997 unless renegotiated, the rent reverts to that provided in the original lease. Upon expiration, the terms of the amendment provide SFD the right to renegotiate the monthly rent at that

time and a right to unilaterally terminate the thirty-year lease upon 90 days written notice if the parties cannot agree on the rent.

In August of this year, SFD informed the Port of their intent to commence negotiations on the lease terms beyond December 1997. However, soon thereafter, the Carlyle Group who was interested in acquiring the stock of SFD approached SFD. Because negotiations between Carlyle and SFD were protracted and because new ownership has now taken over control of the yard's operation and in addition the Port, too is in the process of gathering additional testing information on dredging samples at the central basin that will impact SFD's operation, the Port and SFD would like to extend the terms of the 1994 amendment for two additional months to February 17, 1997. All other terms and conditions of the lease remain the same. This will allow the Port's last remaining ship repair facility to have a continuing and uninterrupted operation while the negotiation of the lease terms are concluded.

Commissioner Hardeman complimented Mr. Hanson for his remarkable achievements with regard to labor and management. He was delighted to see that the new owners are continuing to keep a person of his caliber in running the operation.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

5. REAL ESTATE AND ASSET MANAGEMENT

A. Approval of lease for radio transmission tower and transmitting facility with KEST, Inc. at Pier 70 (foot of 20th Street). (Resolution No. 97-101)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that KEST, Inc. is a subsidiary of Douglas Broadcasting Company, a minority owned corporation. The radio transmission tower is located in Pier 46B. Part of our agreement with the Giants is to terminate the KEST tenancy at Pier 46B and relocate them to another site. The new site will be on Pier 70, adjacent to the San Francisco Drydock. The relocation required a lot of care and coordination from Port staff to find a site appropriate for radio transmission facility and tower to conduct test to ensure that there was no undue interference with San Francisco Drydock's operations. Four hooks on cranes at SFD were replaced with insulated hooks to prevent any electromagnetic interference. Approvals were also needed from the FAA in Washington and to renegotiate a new lease. These were all accomplished under extreme time pressure to meet the deadline that has been established by the Giants.

The term of the lease is 9 years, to commence on December 1, 1997 and to end on November 30, 2006. The base rent starts at $760.00 a month, which is what they owe under the existing lease and increases to a $1,000 a month in 1998 and $2,000 in the year 2002. Please note that the increase in the year 2002 to $2,000 was inadvertently left out in the staff report. The Port will reimburse KEST for the costs of relocation up to $200,000 paid from the relocation funds, which have been previously authorized by the Commission for the ballpark relocation. She complimented her staff for their efforts in handling the relocation of tenants at Pier 46B. It took 8 or 9 months of careful coordinated effort. It was potentially volatile but staff took pains to accommodate as best as they could the requirements of the tenants that needed to be relocated. She reported that staff beat the schedule established by the Giants so they can have the site by October and start construction. She acknowledged the efforts of Neil Sekhri, Mark Lozovoy, Phil Williamson, Jennifer Sobol, Nic Dempsey and Kari Kilstrom.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

6. FACILITIES & OPERATIONS

A. Authorization to issue a Request for Proposals for construction management services for the Downtown Ferry Terminal Construction Project. (Resolution No. 97-102)

Mr. Joe Roger, Structural Engineer and Project Engineer for the Downtown Ferry Terminal, indicated that staff is requesting approval to issue an RFP for construction management services for the Downtown Ferry Terminal. As designed, the Downtown Ferry Terminal is a $19 million project. The Port has approximately $14 million in project funds. The project has been segmented into a base bid and several additive bid items to ensure a fully funded project. The construction is scheduled to commence in late spring 1998. Currently, Port construction management staff is seriously overtaxed with ongoing construction projects. Staff will need assistance administering this construction project. The estimated cost of the construction management consultant is between $250,00 and $420,000. The amount is contingent on the level of service that is actually needed and is actually received. The construction management consultant will be funded out of project funds. Ed Bubnis, the Port's building inspector, will oversee and direct the consultant.

Commissioner Lee indicated that the CM contract is between $250,000 - $420,000. He inquired exactly how much staff is requesting. Mr. Roger

replied that at this time, the figure is not exact. He personally prefers the lowest number to give us more money for construction; however, staff was informed, through various sources, that CM services could cost beyond 5% of construction. Staff proposed approximately 2% but realizes that the level of service will not be a full CM contract. Commissioner Lee asked about the type of contract staff is requesting. Mr. Roger replied that it's not a full CM package that would entail hiring a construction manager to actually go out and subcontract the work. Staff is looking for additional staff member who would basically work for the Port's chief inspector and assist with document preparation and other items involving construction administration. Commissioner Lee reiterated his understanding that staff would like to go out and hire a CM firm and use their personnel to augment Port staff. Mr. Roger indicated that the staff member would actually have an office in the Ferry Building and would be working directly for the Port. Commissioner Lee asked who would be responsible for the CM project. Mr. Roger replied that the CM work is the kind of work that a lot of companies like to do because they can either point at the designer or the owner. In this case, however, the Port would ultimately be liable. Staff will ensure that it hires quality people in order to receive quality work. Commissioner Lee reiterated that the Port will manage the construction. Mr. Roger stated that the Port will oversee the construction management but will have two engineers and a clerk to assist.

Commissioner Lee indicated that the CM might cost up to 5% of construction. Mr. Roger replied that the project couldn't afford the 5%. In the memorandum, the 5% represent a figure for a full 100% CM effort. Since the Port is willing to oversee the CM, we are going to get a reduced service and a corresponding reduction in their fee. Commissioner Lee indicated that this is probably a good case study. He suggested that when staff requests funds for construction, it has to consider not only the hard cost of construction but also the soft cost such as interest cost, management cost and CM cost. Mr. Roger indicated that he agreed with Commissioner Lee's assessment. The contract is divided into a base bid and additive bid. The base bid is $7 million. There's plenty of room between the base bid and the $14 million contract. Staff would like to include some of the additive items such as the breakwater in the north terminal.

Commissioner Lee inquired about the prospect of getting the additional $5 million. Ms. Veronica Sanchez, Manager of Governmental Affairs, indicated that on the occasions she appeared before the Commission regarding the Downtown Ferry Terminal project, she has presented a $14 million project and was always clear that the Port has obtained all available funds. She emphasized that there can be no expectation that there is an additional $5 million out there to fund this project. When

staff approached the California Transportation Commission, their expectation is for the Port to deliver a $14 million project. The $18 million dollar figure is an engineering estimate.

Commissioner McCarthy inquired if staff is requesting the Commission to approve somewhere between $250,000-$420,000. Mr. Jarrard, Chief Harbor Engineer, replied that staff is asking for the maximum amount. He explained that when we get the ranges, staff does not want to tell contractors how much money we have. Staff will return to the Commission for contract approval once the contract has been negotiated. At this point, staff is only asking for approval to Request For Proposals.

Mr. Jarrard concurred with Commissioner Lee regarding the construction management cost. In the last 15 years, staff has been able to handle the work; however, staff at this time is overloaded with work and requires assistance.

Commissioner McCarthy asked if staff is going to ask for what they really want on the contract and negotiate the price down. Mr. Jarrard replied that the consultant contract would go out as a separate contract and will be negotiated. The remaining funds would be bid as part of the construction contract. The $18 million figure represents a lot of amenities particularly in the seawall area but we don't have to build those. Staff expects to get a fairly complete project within the budget range of the project. Commissioner McCarthy inquired if staff is going to go out for a full construction management contract and negotiate down within the Port's means. Mr. Jarrard concurred and added that staff will go out for a series of activities and will negotiate what's needed. Commissioner McCarthy commented that sometimes staff is better off going after what it needs right from the beginning rather than being in a situation of coming back because things have not quite been managed correctly due to personnel shortage which could end up raising the cost in the long run.

Commissioner Lee reiterated his understanding that staff will send out an RFP and go through a selection process and this will be an as-needed contract with a maximum fee of $420,000. The CM firm will be used to augment Port staff as needed so that each task order from the contract will be negotiated for each task order. Mr. Jarrard replied that staff will negotiate for each of the tasks ahead of time and will have it available at the beginning of the contract. Commissioner Lee reiterated that staff will pick the consultant firm based on qualification and then negotiate the task order before starting the task. Mr. Jarrard concurred.

Commissioner Hardeman commented that in his discussion with Mr. Roger this is something that the Commission will be delighted to finally

pass. He sympathized about the shortage of personnel but was glad to see that Mr. Roger is persevering.

ACTION: Commissioner Herman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

B. Authorization to rescind previous contract award of Construction Contract No. 2635, "Pier 50 Shed D Interior Improvements" to Hok Construction. (Resolution No. 97-103)

Mr. Cliff Jarrard, Chief Harbor Engineer, indicated that staff is requesting the Commission to rescind the action of the October 14, 1997 Commission meeting, wherein the Commission awarded Contract 2635 to Hok Construction. On October 14, 1997, the Commission rejected the bid of Trico Construction and awarded Contract 2635 to Hok Construction, the second low bidder. However, the contract has not yet been executed. Staff had determined before October 14 that Trico's bid was non-responsive for failure to meet the WBE subcontracting participation goals or demonstrate good faith effort to meet those goals. In a faxed letter of protest, Trico disputed this determination. When staff requested the Commission to approve the award to Hok Construction on October 14, 1997, Port staff had not acknowledged the protest, substantively responded or notified Trico that the contract award was scheduled to be acted upon by the Port Commission. The Port's inadvertent failure to respond to Trico's protest denied Trico due process.

To remedy the situation, staff requests the Commission approve the resolution rescinding its previous award authorization. In a separate item before the Commission, staff will brief the Commission on the facts of the protest and present its recommendation with respect to the merits of the protest. At that time, Trico will have an opportunity to address the Commission. Staff has also responded to Trico in a letter dated October 28, 1997. These actions will provide Trico with the same opportunity to present its protest and have it heard by the Commission. He explained that Trico had subsequently withdrawn its protest.

Commissioner McCarthy inquired if the Port has a process in place for dealing with contracts not only for protests but a process for when RFPs are responded to and how they are dealt with. Mr. Jarrard indicated that there is a process in place. When staff proposes to reject a bid, staff advises the contractor that it will be heard at the Commission meeting and inform them that they have an opportunity to plead the case. In this instance, that process did not take place. Trico was notified about the rejection of their bid but was not inform about the Commission meeting.

Commissioner McCarthy asked the Executive Director to provide the Commission a copy of the Port's processes in handling RFPs and protests. Mr. Wong responded that he would have the City Attorney's office draft a memorandum for the Commission.

Commissioner Lee indicated that it is not the Port's own process but rather HRC's. Mr. Jarrard indicated the rules on HRC's 12D is a City process and the Port has its own process and will provide the information to the Commission.

Commissioner Lee inquired if this is the right way to remedy the situation. Mr. Jarrard replied affirmatively.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

C. Authorization to deny Trico Construction's protest regarding Contract No. 2635, "Pier 50 Shed D Interior Improvements," (Resolution No. 97-104)

Mr. Rob Lim, Manager Special Services Section of the Engineering Division, indicated that staff requests authorization to deny Trico Construction's protest regarding Contract No. 2635. The protest has been withdrawn. It was and it is staff's conclusion that the protest is without merit. He acknowledged and recognized the efforts of staff and Port counsel in addressing and evaluating the protest. He pointed out that in his three years at the Port, we have not had any protest until this time.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

D. Authorization to award Construction Contract No. 2635, "Pier 50 Shed D Interior Improvements," to Hok Construction (Resolution No. 97-105)

Mr. Rob Lim indicated that the Commission previously authorized the advertisement of Contract 2635 which consists of interior improvements to Pier 50, Shed D including partial demolition of the existing exterior spaces and construction of new offices, shops, and a warehouse, resurfacing of floors and acoustical ceilings in office areas. The contract also includes mechanical, plumbing and electrical systems.

Seven bids were received on September 19, 1997. Four of the seven bids were submitted by MBE, WBE or Joint Venture prime contractors. The apparent low bid submitted was $1,318,000 but was determined non-responsive. The lowest responsive bid, meeting the subcontracting goals, is $1,348,000 submitted by Hok Construction. Hok Construction is an MBE firm and its MBE and WBE subcontracting participation is 35% and 10% respectively. The MBE and WBE subcontracting goals for this contract are set at 21% and 6%. Staff recommends Commission's approval of the contract award to Hok construction and authorizes a 10% contingency for possible Type 1 contract modification.

ACTION: Commissioner Lee moved approval; Commissioner Herman seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

7. PLANNING & DEVELOPMENT

8. FINANCE & ADMINISTRATION

9. CONSENT CALENDAR

10. NEW BUSINESS/PUBLIC COMMENT

Commissioner Hardeman inquired if the Commission has any objection to allowing extended time for the Bay Mat group and allowing one speaker to speak for the group. Commissioner Lee proposed to waive the 3-minute rule and allow the Bay Mat group to make a presentation by one individual to last 10-15 minutes. There were no objections from the Commission.

Commissioner Hardeman requested the City Attorney's opinion regarding the Brown Act concerning Commissioners remarks at the conclusion of each presentation. Noreen Ambrose, City Attorney's office, pointed out that this item is not identified in the agenda and therefore, the general public is not aware that this subject is going to be discussed at this meeting. While members of the public are certainly free to make a presentation on any matter, under the Brown Act, the Commission is not at liberty to discuss this item unless and until it is placed on the agenda and identified with respect to its subject matter.

Tony Schwend, representing Bay Mat LLC, (spoke on behalf of Dave Ranard, Jeff Smith, Phil Gatine, Greg Canonica, Martin Lee, George Armstrong, Damitri Koustaflos, and Mat Sutton) indicated that a written proposal was submitted to the Port on October 1st. Their ultimate request will be to request an exclusive right to negotiate a master lease for Piers 90 and 92, SWL 344 and 352. The provision of the request is to allow for a 10-month period for Bay Mat and Port to work out mutually agreeable terms and conditions for a master lease. The preliminary concepts they have in mind for a master lease would be for an

initial period of 30 years with four supplemental options at 5 years, for a total of 50 years with land rent at market rate. Their proposal will meet the objectives of being financially feasible and it will produce the highest return to the Port for the property. Their proposal will be consistent with the Port's Land Use and Development criteria.

Over the past 25 years, the area has been a sleeping resource and a deterioration of facilities was evident at that site primarily related to Pier 90 and the silos. There are 61 silos originally constructed for the purposes of storing grain. At this point, substantial capital infusion would be required to upgrade those facilities to make them safe and operational for commercial enterprises. Their proposal would provide significant new maritime and rail components with regard to cement aggregate and steel transport.

For the maritime component, they will import 140,000 kilotons and exporting 270,000 kilotons of materials for a total guarantee of 450,000 kilotons of material. The rail component would be an import of 250,000 kilotons and export of 80,000 kilo tons for a total 330,000 kilotons. They will be providing alternate locations for many building materials suppliers that will be relocated to accommodate the UCSF Mission Bay project. The blue collar jobs can remain in San Francisco as a result of the development proposal. The approximately 85 acre site that is of triangular nature currently have tenants on it such as Darling International, Tidewater, Concrete Recycler. Their major tenants will include a maritime cement and aggregate transport component and asphalt plant. Two ready mixed batch plants, concrete recycling facility, industrial building supplier, electrical supplier, plumbing supplier, another building supplier, masonry supplier, equipment rental and maritime supplier. Also their comprehensive plan will relocate Kaiser and RMC Lone Star existing ready mixed plants by the year 2000. They will also provide major construction material launching facilities for $3 billion worth of Caltrans bridge retrofit project in the bay area. It will also create hundreds of new ILWU longshoremen jobs.

Mr. Schwend indicated that the best part of the project is that the $51 million required to develop the infrastructure facility is going to be funded by private capital. The Port will wind up with an architecturally planned development comprised of 14 new buildings with landscape accent areas. The terms of improvements include:

(1) Rehabilitation of Pier 90

(2) Total rehabilitation of the existing railroad system that is incapable of providing the service they need and upgrade the system

(3) Provide the building sites for new tenants with smart building capabilities

(4) Engineer and upgrade and convert the existing 61 grain silos for cement and aggregate use. All of those materials will come to the site via barge.

(5) Address a number of soil remediation and stabilization problems pertaining to the site. With regard to the underground utilities, they will remove the existing overhead service lines as well.

(6) Construct new computer-operated public truck scales and provide a Bay Mat terminal building which will house an employee fitness center, Bay Mat leasing office and maintenance and security office to administer the property.

The estimated rent proposal for the first ten years will produce to the Port about $35 million in rent and provide about $51 million in improvements. In terms of the improvements, approximately $12 million will be for soil remediation purposes and stabilization

UCSF and Mission Bay Project will foster the relocation of concrete batching plants and a number of construction materials suppliers. A large volume of concrete is going to be utilized in the PacBell Park, the new 49er stadium and shopping mall, the Catellus King Street project, the UCSF Mission Bay project and $3 billion Bay Bridge retrofits. This particular site is approximately the center of all of those projects and will provide a major cost-saving benefit to all of those projects. In achieve the goals, they must proceed diligently, aggressively and thoroughly. They have a number of processes to get through. In order to achieve the time frame they have established, they will be moving on a fast track basis i.e. parallel activities, instead of sequential. They will be needing to move ahead with CEQA processes, entitlement processes and design phases with the intent to have the infrastructure facilities to be able to commence in late fall of 1998 or early 1999.

They have submitted the application for exclusive right to negotiate on October 1, 1997. They are now seeking an exclusive right to negotiate. They expect that will not occur until early 1998. Moving through the process, they sequentially expect that they would have an approval of a master lease in place sometime in the fall of 1998. The trigger for doing the environmental planning, design and permitting activities on the project is the approval of the exclusive right to negotiate. They anticipate the start of new construction in late 1998, early 1999. Thereafter, the sites would be available for tenants in the spring or early summer of 1999 and construction should be completed by summer or fall in the year 2000.

One of the benefits to the City and County of San Francisco and to the Port is the creation of 1800 new jobs. Over the next 10-year period, $86 million in terms of physical improvements will be invested on the property and $35 million will be realized in actual rent. There will be a guaranteed maritime use

component to the project. There will be an increase in tax revenues to the City for the sales of materials. There will be numerous opportunities for new, small local businesses especially along the Third Street corridor. They will be mitigating significant environmental concerns that currently exist on the site today. They will be retaining the cement and gravel revenues in the City of San Francisco that currently exist and bringing new sources as well. The project is funded entirely by private capital. In terms of financial partners for the project, the principals of Bay Mat LLC, expressly formed for the development of the project, will include members of the development team: Dames & Moore, Barnell Grosvenor, Inc., Granite Rock, Bay Cities Building Materials and Bode Gravel.

They feel that their development proposal is comprehensive in nature. It is compatible with the intended uses for the site. They will bring a capable project team. They have the required financial strength to bring the project to fruition. They requested that the Commission, when appropriate, approve their exclusive right to negotiate the master lease and allow them assignment appropriate and necessary Port staff time to work with them to facilitate the development of the program.

Commissioner Hardeman asked Executive Director Wong to take note of this presentation and act accordingly. Mr. Wong concurred.

Commissioner Hardeman indicated that he hopes that the Commission does not seem pompous. The Commission does not make the rules. The rules are mandated to limit speakers to a certain amount of time and to not communicate back to the speakers if items are not calendared. They have rules that they are required to live by as Commissioners.

Commissioner Hardeman indicated that the Ferry Plaza Farmers Group has made a similar request to the Commission and asked that they be allowed the same opportunity as the previous speaker.

Ms. Patricia Untermann, from Hayes Street Grill, spoke on behalf of the Ferry Plaza Farmers group. She thanked Port staff for working with them over the last three years. Their group came together in 1993 with the goal of bringing a public market to San Francisco. She noted that they are motivated by the fact that they are in the middle of one of the greatest growing areas in the world. They have a very successful market on the Embarcadero on Saturdays, an enormously successful farmers market on Tuesdays and have just started a Sunday market. They have shown that they could fill a public market every day. They would like to bring the public market in the Ferry Building.

She indicated that a public market allows direct sales to customers; it is unlike a supermarket or any kind of a store because it allows a farmer-customer connection. Food has to be bought everyday. The central location for a market

is essential and they feel that the Ferry Building is an important iconic building in San Francisco. It is at the hub of all sorts of transportation systems and it's right next to huge density of population in the financial district and it's the only place where they could put a market of this kind. There are markets all over the world and you can see the kind of energy, spirit and community involvement in a public market.

Ms. Untermann indicated that they have a very specific plan for the Ferry Building i.e. they would like to have an indoor/outdoor market. They would like to open up the arcades so you can see through from the City all the way to the bay. In the center will be a series of permanent stalls where fish, chicken, small producers can have permanent stalls that need refrigeration. Outside, there will be day, weekly, seasonal tables that farmers can rent. This market will provide a daily, public access to this fresh food. She noted that people like Alice Waters and other restaurateurs have developed a network of producers. There is currently no access for the producers to distribute in the City. This would be a very important access for fresh foods, organic and sustainably raised food that they need to make available every day. The Ferry Building is a natural place for it. They can very simply open up and install this market for a sum that they could raise. She mentioned that connected to the market would be an educational program which Sibella Krause will discuss.

Sibella Krause, Executive Director, thanked the Commission for their vision five years ago in approving a farmers market. They would not have been in existence had it not been for the dedication of Port's staff in the last five years. They asked the Commission to support their vision for public market and an education center. A wonderful ferry plaza farmers market is one of the 80 in the bay area. What's needed now is to strengthen their efforts to make sure that the resources which underlie this bounty is well protected and also this bounty is available to everybody. Agricultural resource protection and community access to fresh food are the basic purposes and the inter-related purposes of the education center, which they proposed in the Agricultural Building. The aim of the education center is to help urban people feel connected to their regional farmland emotionally, economically and culturally. The idea of this education center is through inter-active exhibits and forum, through multi-cultural nutrition classes and cooking classes. They would attract a broad audience of policy makers and families, teachers and community activists. They would have outreach program in schools in community centers with organized farm trips. They would have farmers market that would operate as satellites into neighborhoods. In their current programs, they are working very closely with many allied organizations and agencies. They have held an extraordinary successful conference at a schoolyard in which 700 people signed up for a conference for gardening in schools as it related to nutrition, education and curriculum development. They will continue with these collaborations in the proposed education center.

She indicated that our region is almost unmatched for the richness and diversity of its agriculture. Our region has been a leader in agricultural and conventional agriculture and organic farming in the culinary revolution. As with this education center, they proposed to continue to be a leader as they learn how to sustain this abundance into the future.

Tom Sargent, President of the Farmer's Market Group, indicated that from a purely historic point of view, in terms of rehabilitation, the market is going to have the least impact as any kind of use in the building. They can afford to pay the $3.5-$4 million improvements they see putting in that space to accommodate the market. They will finance the market through major capital campaign. The rents they will be charging will be commensurate with the rents they find in other public markets around the country. They expect to gross $20-$25 million a year in that location. They will be operating as a non-profit operation which structures the rent on a sliding scale with high rents for restaurants and vendors and low rents for family farmers who rent tables by the day. They feel the use of the space, as a public market, will contribute invaluably to the quality of life for San Franciscans. They hope that the Commission recognize the market's potential to make a reasonable and viable economic contribution to the rehabilitation of the Ferry Building and at the same time, create an extraordinary, truly public destination on the waterfront.

Andy Griffin, an organic farmer, indicated that the City has a very diverse clientele. Like any other small farms in the bay area, they are too small to participate in California's export dominated agricultural economy. The City is their market, as they cannot ship to New York or China. The customers who come to the market appreciate the wide range of specialty product they bring. The market is not only very important to him but as well as the other vendors in the market. Without question, it is the best market in Northern California. They had the opportunity to work with Sibella Krause since 1983. He has come to trust in her judgment, her business acumen and vision. He has profited by it and hope that the Commission would pay a great deal of attention for what she has to say. He has seen the specialty and organic market explode since the early 80's. He is before the Commission today because of their efforts. He has formed a small, but successful business. They can bring their products into the City. They enrich the City when doing so and by enriching the City, they support their families and their employees. He thinks that this is a great vision. They intend to be here every day when they can get a permanent market in the waterfront. It would be a culmination to his farming efforts.

Susie Tompkins Buell, a shopper and supporter of the market, indicated that she was born and raised in the City and is incredibly passionate about the City. She has visitors coming to see her from all walks of life, from all over the world. She hopes that they will be here on Saturday so she can take them and show them the beautiful products, the wonderful vendors and the community spirit that this market has created. The City lacks the community spirit and you could

see it in the market. It is an example of what our City needs more of. She then acknowledged Reed Herron from Rose Pistola, Henry Chan from Yank Sing, Alice Waters from Chez Panizze and Catherine Sneed from the Garden Project.

Patricia Untermann indicated that the Commission was provided a resolution in support of the public market being permanently located in the Ferry Building. She read... "the market has been operating for five years with great success. The public market and education center will become a town square, a community gathering place, a catalyst for redevelopment of the Embarcadero. The Ferry Building is the best location because of its central location." In the Waterfront Land Use Plan, she quoted that Port staff and the citizens advisory envisioned "a waterfront for neighborhood residents, one that celebrates our cultural diversity, one that allows for public assembly, and the nourishment of mind and body, nature and open space." She quoted the goals set out for the Ferry Building in the WLUP, "to restore the Ferry Building as the centerpiece of the waterfront, to reintegrate the building with downtown and the market street corridor and to re-establish the area's civic importance." She remarked that the advisory group was envisioning their public market when they wrote the report. She asked the Commission to seriously consider their proposal. As soon as they have assurance that the market can be located in the Ferry Building, they will commence with their capital campaign. She concluded that the Port would have the most fantastic public institution in San Francisco.

Ms. Untermann inquired about the next steps. Executive Director Wong replied that staff will review their proposal and will get back to them.

Catherine Sneed, Director of the Garden Project and works for the San Francisco Sheriff's Department, stated that this market is not only about vegetables or sales for San Francisco. She remarked that because of this market, someone named Felix is alive today. The Garden Project is an employment and training program. Felix has worked for the market for a couple of years. Because he has this opportunity, Felix has gone from selling drugs, being incarcerated in jail to holding a job, having his own apartment and doing very well. Felix just received his G.E.D. Every Saturday when he goes to the market, people like Susie Tompkins and Sibella treat him with respect. They consider him a member of the community. This isn't just the market, it's about employing people, it's about getting food to people. She asked the Commission to strongly consider this proposal and understand that this is about family.

Claude Jacques, Big C Traders, indicated that they have entered negotiation with Ed Osgood, the current operator of the Foreign Trade Zone. Over the last year or so, they have worked on a plan to take over. He thanked Mr. Dailey and Mr. Wong for their efforts. They are now in a position where they can show how their plan would look like and how to use the Foreign Trade Zone as an incredible tool to bring business into San Francisco and to make a Foreign

Trade Zone act as a Foreign Trade Zone and not a passive warehouse. He then introduced Captain Mulkeen, Mr. Rovesnar, Jim Jefferson and Mr. Revich.

The objective of the group is to reestablish San Francisco as the leading maritime center and best foreign trader. The Foreign Trade Zone's annual report last year listed 50 companies that use foreign trade zone. The current foreign trade zone now has two of them. The foreign trade zone does not bring in cargo. As a well-marketed tool, there is nothing more powerful than a foreign trade zone bringing in cargo into the City. They have selected the best company, one that is most promising. According to the National Foreign Trade Zone manufacturing, processing and assembling generates the greatest amount of merchandise in the U.S. Foreign Trade Zone. What works best are autos, oil refineries, pharmaceutical, office equipment, computer and shipyard. Manufacturing, garment and food processing are also very important industries. He claims that none of these are currently found in the foreign trade zone. He also indicated that huge amount of business can be done at the Airport and a significant benefit could be provided to carriers.

Mr. Jacques provided the Commission a copy of their brochure explaining their proposal. He indicated that he is the Senior Vice President of the largest advertising agency west of Mississippi. He launched Levi's and the California raisins. He indicated that he turns companies around like Coors. He understands marketing and understands how it is done. A foreign trade zone is an extremely powerful tool that was never used in San Francisco. They have put together an incredible team. They are convinced that because this is San Francisco and because they have an incredible team, they will surprise the Commission how powerful they can turn this into a great source of income to the City. He indicated that enumerated at the last page of the brochure are details of what they intend to bring together, which other foreign trade zones do not have. Out of the 300 U.S. Foreign Trade Zones, only three have an Internet site. The first thing they will do is put a site on the Internet that could be on five languages. They also intend to put a second Internet site so that anybody can reach them. The service will be free, as it is part of a service to be able to compete. He asked the Commission's support after their review.

Executive Director Wong indicated that staff will review their proposal and will get back to them.

11. EXECUTIVE SESSION

At 5:25 p.m., the Commission Secretary announced that the Commission would withdraw to executive session to discuss the following matter:

A. CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS:

1) Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (2 cases).

At 6:00 p.m., Commissioners Hardeman, McCarthy, Lee and Brandon returned from executive session and convened in public session. Commissioner Herman was excused.

ACTION: Commissioner McCarthy made a motion to not disclose any information discussed in the executive session. Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 6:02 p.m.

M Quesada
Commission Secretary

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NOTICE OF CANCELLATION

THE REGULAR PORT COMMISSION MEETING SCHEDULED FOR
TUESDAY, DECEMBER 9, 1997 AT 4:00 P.M.
IS HEREBY CANCELLED

♦♦♦♦♦♦♦♦

A SPECIAL PORT COMMISSION MEETING
IS SCHEDULED FOR

THURSDAY, DECEMBER 18, 1997
at 4:00 P.M.

in the Port Commission Room
Suite 3100, Ferry Building
San Francisco, CA 94111
(415) 274-0406

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142.

There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting.

The following services are available on request 72 hours prior to the meeting. Please contact Kevin Jensen at (415) 274-0555. Late requests will be honored if possible.

- American Sign Language Interpreters
- A Sound Enhancement System
- Large Print of the Agenda
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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

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SAN FRANCISCO
PORT COMMISSION

SPECIAL MEETING – (Please note the date and time of the meeting)
4:00 P.M., THURSDAY, DECEMBER 18, 1997
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - November 20, 1997 Special Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

   A. Approval of a non-exclusive management agreement with Marine Terminals Corporation for stevedoring services at Pier 80. (Resolution No. 97-107)

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Approval of percentage rental adjustment for lease with Andre-Boudin Bakeries, Inc. for premises located at Taylor Street and The Embarcadero. (Resolution No. 97-111)

   B. Consent to Sponsorship Activities at Pier 39. (Resolution No. 97-110)

6. **FACILITIES & OPERATIONS**

   A. Authorization for staff to apply to the California Coastal Conservancy for funding for the Pier 98 Wetlands and Public Access Enhancement Project. (Resolution No. 97-108)

   B. Approval of a Memorandum of Understanding with the City & County of San Francisco Public Utilities Commission regarding the transfer of funds for implementation of the Pier 98 Wetlands Enhancement and Public Access Project. (Resolution No. 97-109)

7. PLANNING & DEVELOPMENT

8. FINANCE & ADMINISTRATION

A. Approval of the 1997/98 Capital Plan and authorization to request a Supplemental Appropriation to fund the plan. (Resolution No. 97-106)

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER:

a. Discuss approval of assignment of leasehold to successful bidder in bankruptcy proceeding, and possibly take action concerning lease assignment: Chez Laura Enterprises, Inc., dba Lou's Pier 47.

2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (1 case as defendant).

The Commission will consider, and possibly take action concerning the resolution of a BCDC enforcement issue at Pier 98 where 25 acres of fill were placed between 1970 and 1977. This matter involves the filing of litigation by BCDC against the Port and the Port's stipulation to a consent decree that would conditionally approve the fill subject to the construction of the proposed Pier 98 Wetlands Enhancement and Public Access Project.

3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - ***This session is closed to any non-City/Port representative.****

a. Property: Pier 39
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Management
*Pier 39: Steve Herman

An executive session has been calendared to discuss consent to encumbrance for a refinancing. This is specifically authorized under California Government Code Section 54956.8.

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all Executive Session discussions. Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

PORT OF SAN FRANCISCO

MEMORANDUM

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December 9, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Nonexclusive Management Agreement Between Marine Terminals Corporation for Pier 80.

DIRECTOR'S RECOMMENDATION: APPROVE THE NON-EXCLUSIVE MANAGEMENT AGREEMENT WITH MARINE TERMINALS CORPORATION FOR PIER 80.

BACKGROUND

The Port is currently operating marine terminals for cargo operations at Piers 27, 92 and 94/96. Marine Terminals Corporation ("MTC") operates Pier 27. The Port has had a contractual relationship with Stevedoring Services of America ("SSA") to operate, manage and market the South Container Terminal at Pier 94-96 since 1985. In the early 1990's the Port experienced significant business reversals at Pier 96 that reduced the volume of shipping business, resulting in a loss of the needed critical mass necessary for SSA to break-even financially. Therefore, in June of 1995, the Port Commission approved payment of an increased management fee to SSA to cover their anticipated losses in operating the facility without the supporting volume of business. In FY 95/96 the Port paid SSA a management fee of $464,000. In FY 96/97, the Port paid SSA a one-year management fee of $750,000. Since July 1st of the this year, operating under the third amendment, the management fee has been $100,000 per month.

The purpose of the management fee was to finance operation of the terminal while additional business was obtained to help make the terminal self sufficient. This strategy was partially successful. During the past 2 ½ years the Port has attracted four new shipping companies to operate at the facility. The Port now has an annual volume of over 15,000 twenty-foot container equivalents up from only 5,000 in FY 95/96. However each year, even with an increase of volume, SSA's expenses have increased.

The third amendment to the original management agreement with SSA, which pays SSA a management fee up to $600,000 for six months of operation, expires December 31, 1997. This agreement calls for the Port and SSA to meet and negotiate the compensation paid by the Port to the management contractor after January 1, 1998. If the parties cannot reach agreement on the amount of compensation to be paid, then the agreement can be terminated upon 30 days written notice by either party. The Port and SSA met several times to negotiate new terms and explore new models for the operation of either Pier 80 or Pier 96. It became clear that an agreement would not be reached on the amount of compensation for the next period. SSA was not willing to operate the terminal without substantial subsidy. Therefore, they served notice to the Port that they will terminate management of the terminal effective December 31, 1997.

In recent months Port staff, as directed by the Port Commission at their July 7, 1997 meeting, have explored other options for the terminal operations at the Port of San Francisco. The Port received proposals from the other two public stevedore companies, MTC and Metropolitan Stevedore, which currently operates the passenger terminal at Pier 35 for different management scenarios for operation of the cargo business at the Port. MTC submitted the best financial proposal and the Port entered into negotiations with them.

As a result of these negotiations the Port staff is recommending approval of a non-exclusive management agreement with MTC to operate Pier 80.

MTC's approval requires the Port to reconfigure the terminal arrangements to better take advantage of the Port and MTC's strengths. Moreover, the financial arrangement effectively ends the payment of a subsidy. MTC currently operates the Port's newsprint terminal at Pier 27. It is proposed by MTC to shift all existing business from Pier 96 and Pier 27 to Pier 80. In their strategic analysis they have determined that the Port's Pier 80 complex provides better efficiency, operational flexibility and opportunity for success than Pier 96. Their marketing analysis shows demand for a multi-purpose terminal in Northern California such as Pier 80. MTC's proposal is to relocate all container, auto import, project cargoes and newsprint into Pier 80, thus assisting in creating more efficiencies in operation and cost. Our current shipping lines have been consulted regarding this change and have expressed a willingness to move their operations to Pier 80. This operational shift would commence January 1, 1998. With the movement of the newsprint operation to Pier 80, Pier 27 will be available for other uses.

The proposed lease for Norcal Inc. at Pier 80 for a recycling facility and export facility could be shifted to Pier 96.

PROPOSED MANAGEMENT AGREEMENT

The Management Agreement with MTC contains the following provisions:

1. Term:
   This agreement shall run for five years from the commencement date of January 1, 1998 through December 31, 2002.

2. Financial Terms:

A. MTC shall pay to the Port an annual use fee for the facility of $400,000 per contract year. The fee will be paid monthly.

B. MTC will be responsible for billing and collecting all tariff revenues generated at the facility by all users and each month MTC will pay the following percentage amounts of billed and collected tariff revenues to the Port:

i. 50% of tariff revenues for wharfage from newsprint and 100% of dockage from vessels carrying newsprint.

ii. 50 % of all tariff revenues for wharfage from automobiles and roll-on, roll-off cargo and 100% of dockage from vessels carrying roll-on, roll-off cargo.

iii. In the first year, 50% of all tariff revenues for crane rental, start-up and shut-down, and maintenance charges. (This percentage to be renegotiated in year two.)

iv. 50% of tariff revenues for wharfage and 100% of all dockage from new users of the facilities.

MTC will retain 100% of wharfage and dockage from the current container lines.

C. Administration: The Ports administrative duties will be significantly lessened since all billing and collection of tariff revenues will be performed by MTC. The Port will be paid collected tariff revenue percentages monthly.

D. Start-up Costs: The Port agrees to share one-time expenses incurred in the reopening of Pier 80 not to exceed $40,000.

E. Possessory Interest Tax: The Port will credit MTC annually for their payment of the amount of Possessory Interest Tax, estimated to be $40,000.

3. Facility: portions of Pier 80 container yard, Shed A, gate and gate office and crane maintenance building.

This proposed agreement will allow the Port to enter into a new partnership with an aggressive terminal operator. It ends the payment of the subsidy, guarantees a monthly income and allows the Port to share in any future growth.

Staff recommends approval of an agreement with MTC in substantially the form attached hereto and consistent with the financial terms set forth above.

SLP/fj/I:AGD1/24

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-107

WHEREAS, Charter Section B 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B 3.581(g) leases and franchises granted or made by the Port Commission shall be administered exclusively by the Port Commission; and

WHEREAS, the Port desires to operate cargo shipping industry and to expand this business; and

WHEREAS, the current terminal operator of Pier 96 has determined that without payment by the Port of an operating subsidy they will no longer operate the facility; and

WHEREAS, Port staff has received other proposals from stevedore companies including Marine Terminal Corporation's ("MTC"); and

WHEREAS, MTC's proposal provides a better financial, operational and administrative option; and

WHEREAS, the Port believes that the MTC's proposal to re-open Pier 80 as a marine terminal and to concentrate all of the Ports cargo business at that terminal will provide our shipping customers better efficiency, economics and commercial opportunity; and

WHEREAS, the project has been reviewed under CEQA and it has been determined that the project will have no adverse physical effects on the environment; and, now, therefore, be it

RESOLVED, the San Francisco Port Commission hereby authorizes staff to complete negotiations with MTC and enter into a Non-Exclusive Management Agreement in substantially the form attached incorporating the financial terms described in the Memorandum for Agenda Item 4A for the December 18, 1997 Port Commission meeting and hereby authorizes the Executive Director of the Port to execute the same on behalf of the Port.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 18, 1997.

_____
Secretary

PORT OF SAN FRANCISCO

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MEMORANDUM

December 3, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie Lee
Hon. James R. Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of percentage rental adjustment for lease with Andre-Boudin Bakeries, Inc. for premises located at Taylor Street and The Embarcadero in Fisherman's Wharf

DIRECTOR'S RECOMMENDATION: APPROVE PERCENTAGE RENTAL ADJUSTMENT SET FORTH HEREIN

Andre-Boudin Bakeries, Inc. ("Boudin") operates a Boudin Sourdough Bakery and Cafe in the Octagonal Building located at the corner of Taylor Street and The Embarcadero in Fisherman's Wharf, pursuant to Port Lease No. L-9164. The original lease document, dated December 10, 1975, was replaced on September 1, 1982 with an Amendment in Modification and Reinstatement of Lease L-9164 (the "Subject Lease"), when the leased premises were relocated to the Octagonal Building constructed by the Port. As a part of this amendment and reinstatement of the Subject Lease, the Tenant assumed responsibility for maintaining the public restrooms constructed in the Octagonal Building. In September 1993, Boudin purchased the Subject Lease from the Simi family, and the Port Commission approved the assignment of the Subject Lease to Boudin by Resolution No. 93-133.

THIS PRINT COVERS CALENDAR ITEM No. 5A

The Subject Lease, whose term expires January 1, 2006, requires the payment of percentage rental, calculated based upon the following existing percentage rental rates:

Use	Percentage Rental Rates
Food	5.0%
Gifts and Alcoholic Beverages	7.0%
All Other Uses	8.0%

The Subject Lease also provides that the Port may review and reset the percentage rental on or before the anniversary date each five years during the term of the Subject Lease to reflect the percentage rent for like uses in the vicinity of the leased premises. The Subject Lease further provides that, if the Port does reset the percentage rental and Boudin disagrees with the new percentage rental, then Boudin has the right to terminate the Subject Lease within six months of the percentage rental being reset, without liability for future rent.

The percentage rental has not been adjusted since the original lease document was signed in 1975. September 1, 1997 was such a five-year anniversary date for adjusting the percentage rental, and Port staff notified Boudin in May 1997 of its intent to recommend to the Port Commission that it increase the percentage rental rates for all uses under the Subject Lease effective September 1, 1997. However, there was a considerable difference of opinion between Port staff and Boudin on the amount of the adjustment, and the parties therefore agreed to extend the deadline for this resetting of percentage rent to January 1, 1998, while they continued discussions regarding the new percentage rental. This extension agreement was subject to the conditions that any resetting of percentage rent would be retroactive to September 1, 1997, and that the six-month period within which Boudin has the right to terminate the Subject Lease would also commence September 1, 1997.

Boudin leases three other facilities in the vicinity of the leased premises involving businesses run by Boudin which are like that run on the leased premises, and these leases therefore constitute good percentage rental comparables for the Subject Lease. The other facilities leased and operated by Boudin in the Fisherman's Wharf vicinity include: a facility located on Jefferson Street near the leased premises, which Boudin subleases from Alioto Fish Company, Ltd., paying 13.0% percentage rent; a facility leased at Girardelli Square, where Boudin pays 10.0% percentage rent; and a facility leased at Pier 39, where it pays 12.0% percentage rent.

The Subject Lease, however, differs from these comparable leases in that, under the Subject Lease, Boudin is responsible for maintaining the public restrooms located in the Octagonal Building, which are heavily used. In addition, the premises are laid out inefficiently, wrapping

around the restrooms with the kitchen being located on a mezzanine. Both of these factors cause much higher operating expenses for this facility as compared to Boudin's other three facilities in the vicinity. Taking these increased operating expenses into account, Port staff and Boudin have reached agreement that the percentage rental for the Subject Lease should be adjusted to 9.0% for all uses.

Port staff therefore recommends that the Port Commission set the percentage rental rate for all uses under the Subject Lease at 9.0%, effective retroactively to September 1, 1997.

Prepared by: Kirk W. Bennett, Sr. Property Manager, Northern Waterfront/
Fisherman's Wharf

G:\WP51\AGENDAS\ANDREBOU.WPD\December 3, 1997

PORT COMMISSION
CITY & COUNTY OF OF SAN FRANCISCO

RESOLUTION NO. 97-111

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Port Lease No. L-9164, dated December 10, 1975, was replaced with Amendment in Modification and Reinstatement of Lease L-9164, dated September 1, 1982 (the "Subject Lease"), and the Port Commission consented to the assignment of the Subject Lease to Andre-Boudin Bakeries, Inc. by Resolution No. 93-133; and

WHEREAS, the Subject Lease provides for the periodic review and adjustment by the Port Commission of the percentage rental under the Subject Lease to reflect the percentage rent for like uses in the vicinity of the lease premises; and

WHEREAS, the Port has conducted a study of the percentage rents for like uses in San Francisco in the vicinity of the leased premises, which found that Boudin is currently paying percentage rents in the range of 10.0%-13.0% for facilities it leases in the vicinity of the leased premises that it uses for like uses, but the Port also determined that the maintenance obligations and the configuration of the leased premises for the Subject Lease result in higher operating expenses for the leased premises; now, therefore, be it

RESOLVED, that the Port Commission determines that the percentage rental for the Subject Lease shall be adjusted as indicated below, effective September 1, 1997:

Use	Percentage Rental Rates
Food	9.0%
Gifts & Alcoholic Beverages	9.0%
All Others Uses	9.0%

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 18, 1997.

_____
Secretary

PORT OF SAN FRANCISCO

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MEMORANDUM

December 11, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon., Denise McCarthy Vice President
Hon. James Herman
Hon. Frankie G. Lee
Hon. Kimberley Brandon

FROM: Douglas Wong
Executive Director

SUBJECT: Consent to Sponsorship Activities at Pier 39

DIRECTOR S RECOMMENDATION: CONSENT TO SPONSORSHIP ACTIVITIES

Background

The Pier 39 master lease (Port Lease No. L-9707), as amended on October 31, 1979 (the "Lease"), provides that the Port has the right to audit the Tenant's records to determine the gross revenues of the Tenant. In 1996, the Port retained Deloitte Touche LLP to conduct such a revenue audit concerning the Lease for the calendar years 1993, 1994 and 1995 ("Audit Period"). This audit identified several issues involving the potential underpayment of percentage rent to the Port pursuant to the Lease. A number of meetings have been held with representatives of the Tenant to resolve these issues, and the issues have finally been resolved in a manner satisfactory to the Port staff. This resolution requires payment to the Port of $318,154.00 of additional percentage rent for the Audit Period, and it also clarifies these issues as they relate to the payment of percentage rent beginning with calendar year 1996.

One of the most significant issues identified by this revenue audit involved the treatment for percentage rent purposes of revenues generated by Sponsorship Activities. During the Audit Period, the Tenant received revenues from Sponsorship Activities totaling $3,040,335.00. The

Tenant accounted for this revenue as a 10 % economic rent category. The Tenant thus included only 10% of this revenue in calculating the percentage rent due the Port. As a result, the Tenant paid only a 1.0% effective percentage rent to the Port for this revenue (10% economic rent rate X 10% percentage rent rate = 1.0%). It was the position of Port staff that: first, Sponsorship Activities are uses not authorized under the Lease; and second, the character of this activity does not constitute an activity which falls under the category of economic rent, as defined in the Lease.

The Lease authorizes certain specified uses on the premises demised in the Lease. The Lease further provides that any new use or change of use not authorized in the Lease requires consent by the Port. It further provides that the Port and the Tenant are to negotiate the new rent due the Port for the new use or change of use.

Port staff therefore maintained that the Port Commission must consent to these Sponsorship Activities, and must consent to the rent that is due the Port for such activities. Port staff and Tenant have reached agreement that the Port will receive percentage rent for such Sponsorship Activities calculated at seven percent (7%) of all gross receipts received by Tenant from such Sponsorship Activities.

The amount of additional percentage rent due the Port indicated above is based upon the rent for Sponsorship Activities being calculated at 7% of the Tenant's gross receipts for such activities. The resolution of the audit issues is therefore conditioned upon the Port Commission consenting to Sponsorship Activities as authorized uses under the Lease, and upon the Port Commission setting the rent due the Port for such activities at 7% of the gross receipts from these activities.

Proposed Port Consent

Port staff therefore recommends that the Port Commission consent to Sponsorship Activities as an authorized use under the Lease. Furthermore, Port staff recommends that the Port Commission set the rent to be paid the Port for Sponsorship Activities at 7% of the gross receipts received by the Tenant from such activities.

Prepared by: Kirk W. Bennett, Sr. Property Manager, Northern Waterfront/Fisherman's Wharf

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-110

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, pursuant to Section VI.D of that lease agreement dated October 31, 1979, by and between North Point Center, Inc. (with Pier 39 Limited Partnership as successor interest), as Tenant, and the City and County of San Francisco acting through its Port Commission, as Landlord, as amended (the "Lease"), Tenant is permitted to change uses authorized by the Lease or to add a facility, operation or use not specifically authorized by the Lease; and

WHEREAS, the Port has the right of approval and consent to such new or changes of use, not to be unreasonably withheld; and

WHEREAS, the Port Commission's consent has been requested for use of the premises under the Lease for "Sponsorship Activities". Sponsorship Activities shall include, special events, promotional events and activities, sponsorships, and market development; now therefore, be it

RESOLVED, that the Port Commission hereby approves the new Sponsorship Activities use of the premises under the Lease; Sponsorship Activities shall include, special events, promotional events and activities, sponsorships, and market development; the foregoing is subject to satisfaction and compliance with those conditions attached hereto as Exhibit A; and be it further

RESOLVED, that the Port Commission hereby approves the percentage rent for the Sponsorship Activities use as set forth as Condition 3 of the conditions attached hereto as Exhibit A.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 18, 1997.

_____
Secretary

\\PACIFICA\USERS\PORTWIDE\Pier 39 sponsorship promotional.doc\12/11/97

EXHIBIT A

CONDITIONS TO PORT APPROVAL OF
SPONSORSHIP ACTIVITIES
(Attachment to Resolution No. 97-110)

1. Compliance with All Applicable Laws. Tenant or its subtenant operator of Sponsorship Activities (collectively "Subtenant") shall comply with all permits required and issued with respect to the Sponsorship Activities and with all laws relating to or affecting use of the Premises applicable to the approved use currently in effect or which may hereafter be in effect at any time during the remainder of the Lease term, whether or not now contemplated by the parties.

2. No Cost or Liability On The Part Of Port. All costs associated with any approvals for or operation of the proposed use shall be borne by Tenant or Subtenant, and Tenant or Subtenant shall be solely responsible for complying with any and all conditions imposed by regulatory agencies and shall pay any and all fines or penalties imposed as a result of the failure of Tenant or Subtenant to comply with the terms and conditions of any regulatory approvals, and, to the fullest extent permitted by law, Tenant and Subtenant agree to defend, indemnify and hold City, Port and their agents harmless from and against any loss, expense, costs, damage, attorney's fees, penalties, claims or liabilities which City or Port may incur as a result of Tenant's or Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approvals or as a result of the operation of the approved use.

3. Payment of Rent. Commencing as of the date of Port approval of Resolution No. 97-110, and for so long as there are Sponsorship Activities from the premises demised in the Lease, Tenant shall pay or caused to be paid to Port a sum equal to seven percent (7%) of the gross receipts from the Sponsorship Activities.

4. Acknowledgement. Tenant shall provide Port with an acknowledgement of its agreement to comply with all of the foregoing conditions by signing below.

Acknowledged and Agreed:

"Tenant"

_____
Fritz Arko
President, Pier 39 Limited Partnership

PORT OF SAN FRANCISCO

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MEMORANDUM

December 10, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request for funding from the California State Coastal Conservancy for implementation of the Pier 98 Wetlands and Public Access Enhancement Project.

DIRECTOR'S RECOMMENDATION: THAT THE COMMISSION AUTHORIZE STAFF TO APPLY TO THE CALIFORNIA COASTAL CONSERVANCY FOR FUNDING TO CONSTRUCT THE PIER 98 WETLANDS AND PUBLIC ACCESS ENHANCEMENT PROJECT.

The Port proposes to enhance wetland habitat and improve public access at Pier 98 in accordance with a conceptual design adopted by the Port Commission on July 16, 1997. The project will enhance existing wetlands, create approximately five acres of new wetland area, and improve public access and passive recreational opportunities. Proposed public access improvements include landscaping, trails to fishing and viewing areas, a picnic area, and wetlands viewing area with educational signs. The project also includes closing a portion of the site, which is regulated as a solid waste landfill, in accordance with an administrative order issued by the Regional Water Quality Control Board.

Based on preliminary design information, the proposed project is currently estimated to cost two million dollars, of which approximately $500,000 is required for landfill closure and therefore must be paid by the Port. This estimate is based on a 50% completion of design, and costs are estimated to be accurate to within approximately 25%. The City and County of San Francisco PUC has committed to transfer one million dollars of sewer revenue bond funds to the Port for wetlands and upland area enhancements (landscaping and public amenities), leaving an estimated $500,000 balance required to fully implement the proposed project.

Port staff has been working with the California Coastal Conservancy to obtain additional funding for Pier 98 for fiscal years 97/98 and 98/99. A resolution adopted by the governing body of the applicant, Port of San Francisco, must be submitted with an application for funds. In that resolution, the Port must state that if the Coastal Conservancy agrees to provide the funds (not to exceed $500,000), and the Port Commission subsequently agrees to accept those funds, the Port will comply with State Coastal Conservancy regulations and requirements related to the acceptance and use of Conservancy funds, as outlined in the following *List of Assurances*. The assurances include commitment by the Port Commission to provide sufficient funds to meet its own share of the cost for construction and maintenance of the project.

LIST OF ASSURANCES

The Port Commission must assure and certify that if it accepts Coastal Conservancy funds, it will comply with Coastal Conservancy regulations, policies, guidelines, and requirements as they relate to the acceptance and use of Conservancy funds for this project. By submitting this application, the Port Commission assures and certifies that:

1. It possesses legal authority to apply for the grant, and to finance and construct the proposed facilities; that, where appropriate, a resolution, motion, or similar action has been duly adopted or passed as an official act of the applicant's governing body, authorizing the filing of the application, and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

2. It will, if it subsequently accepts Coastal Conservancy funds, assure that it will have sufficient funds available to meet its own share of the cost for the project; and that sufficient funds will be available when the project is completed to assure the effective operation and maintenance of the facility for the purposes constructed.

3. It holds sufficient title or interest in the property to enable it to undertake lawful development and construction of the project. Except in the case where the Grantee is acquiring an interest in the property as a part of the project development, such title documentation shall be reviewed by the Executive Officer of the Conservancy.

4. It will, if it subsequently accepts Coastal Conservancy funds, assure that it will not dispose of or encumber its title or other interest in the site and facilities, except as permitted by the Conservancy.

5. It will give the Conservancy, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the grant.

6. It will, if it subsequently accepts Coastal Conservancy funds, assure that it will cause work on the project to be commenced within a reasonable time after receipt of notification from the Conservancy that funds have been approved, and that the project will be carried to completion with reasonable diligence.

7. It will, where appropriate, comply with the requirements of the State Government Code 7260 et seq. which provides for equitable treatment and relocation assistance for persons displayed by eminent domain.

8. It will, where appropriate, comply with the requirements of the California Environmental Quality Act.

9. It will comply with all requirements imposed by the Conservancy concerning special provisions of law and program requirements.

Staff requests authorization for the Executive Director to apply for Coastal Conservancy funding recognizing that, if the Port accepts the funding, it will be required to make these assurances.

Prepared by: Carol Bach, Project Manager
Environmental Health and Safety Section

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-108

WHEREAS, the Legislature has established the State Coastal Conservancy and authorized it to award grants to public agencies and nonprofit organizations for the acquisition and development of coastal accessways; and

WHEREAS, the grants are awarded pursuant to guidelines established by the Coastal Conservancy for determination of project eligibility for funds; and

WHEREAS, the procedures established by the Coastal Conservancy require the applicant to certify by resolution approval of the application and listed assurances prior to submission of this application to the State; now therefore, be it

RESOLVED, that the Port Commission hereby:

1. Approves the filing of an application for funding for implementation of the Pier 98 Wetlands and Public Access Enhancement Project under the State Coastal Conservancy's Access Program; and

2. Agrees, that if it accepts the funding, it will accept the List of Assurances set forth in the Staff Memorandum dated November 25, 1997 which accompanies this resolution; and

3. Agrees that if it subsequently accepts Coastal Conservancy funds, it will certify and assure that it has or will have sufficient funds to operate and maintain the funded project; and

4. Agrees that if it accepts Coastal Conservancy funds, it will commit to provide any funds required beyond the grant requested to complete the project funded under this program through the allocation of uncommitted funds; and

5. Authorizes the Port's Executive Director and Project Manager to act as representatives of the Port and to negotiate and execute all agreements necessary to comply with the Coastal Conservancy's grant requirements.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of December 18, 1997.

_____
Secretary

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("MOU") dated for reference purposes only, as of January 1, 1998 is entered into by and between the San Francisco Public Utilities Commission ("PUC"), an agency of the City and County of San Francisco, and the San Francisco Port Commission ("Port"), an agency of the City and County of San Francisco.

RECITALS

A. Under the Charter of San Francisco, the administration and control of the real property transferred to the City and County of San Francisco by the State of California, including the area encompassing Pier 98, is vested in the Port.

B. In August 1993 the Port and the San Francisco Bay Convservation and Development Commission ("BCDC") entered into an agreement (the "BCDC Agreement") regarding enhancement of the Pier 98 landfill. The BCDC Agreement requires the Port to complete detailed plans for wetlands enhancement and creation of a passive recreational park at Pier 98 (the "Pier 98 Project"). The Port is also required under the BCDC Agreement to complete detailed plans for landfill closure, which for the purpose of this MOU is not part of the Pier 98 Project.

C. The City has been subject to a Regional Water Quality Control Board cease and desist order prohibiting discharge of treated sewage to Islais Creek in a manner that did not comply with the Basin Plan 10:1 dilution requirement. In 1996, the Regional Board approved an exception to this Basin Plan requirement which extinguished the cease and desist order. Certain sewer system upgrades were undertaken in order to ameliorate potential environmental impacts to the receiving waters. In addition, the City determined to undertake Pier 98

wetlands enhancement and park construction as part of coordinated City efforts to remediate and improve existing conditions.

D. The PUC, as part of the Islais Creek and Pier 98 improvements projects, will transfer one million dollars of sewer revenue bond funds to the Port to assist in implementation of the Pier 98 Project.

E. The Port is currently designing the Pier 98 Project and anticipates commencing construction in mid-1998. Attached, as Exhibit A is a current project budget.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

AGREEMENT

1. **Recitals**. The foregoing recitals are true and correct and are incorporated herein by reference.

2. **Effective Date**. The effective date of this MOU ("Effective Date") shall be January 1, 1997.

3. **Term**. The term of this MOU shall be from the effective date to such time following the date on which the one million dollars in funds provided by PUC are expended and paid for construction and construction-related costs for the Pier 98 Project, that will allow the PUC a reasonable opportunity to audit the use of those funds.

4. **Transfer of Funds**. Upon selection of the construction contractor(s) by the Port, the PUC shall encumber up to one million dollars ($1,000,000.00) for payment of contracts

between the Port and the selected contractor(s). After prompt review of contractor invoices by the PUC, the Port will charge invoices directly against funds encumbered at the PUC. PUC's responsibility to provide funds for the Pier 98 Project shall not exceed $1 million, regardless of the final costs of the Pier 98 Project.

5. **Permitted Uses**. The funds provided by the PUC may be used by the Port only to pay for direct construction costs and construction-related costs for the Pier 98 Project.

6. **Audit**. At PUC's request, the Port will provide PUC with copies of (1) the contract or contracts under which the PUC funds will be expended; (2) the contractors' invoices; (3) evidence of the Port's payments using PUC funds, and evidence that the Pier 98 Project has been completed.

7. **Acknowledgment**. The Port will post at the Pier 98 Project site entrance a sign, which among other things will identify PUC as a source for Project funding. Any credits or written notices, press releases, pamphlets, and articles produced by the Port will include reference to the PUC as a source of funding for wetlands and park enhancements.

8. **Entry**. PUC may enter upon the Pier 98 Project site at any reasonable time during construction for the purpose of inspection.

9. **Public Participation**. In accordance with the BCDC Agreement, the Port will solicit public comment and participation from the neighboring community and other interested members of the public with regard to the project. The Port will advise the PUC Public Affairs coordinator of these public participation efforts.

10. **Notices**. All notices, demand, consents or approvals which are or may be required to be given by either party to the other under this MOU shall be in writing and shall be deemed to have been fully given when delivered in person to such representatives of Port and PUC as shall from time to time be designated by the parties for the receipt of notices, or when deposited in the United States mail, postage prepaid, and addressed, if to Port to:

Alex Lee
Director, Facilities and Operations
San Francisco Port Commission
Ferry Building, Suite 3100
San Francisco, CA 94111

and if to PUC to:

Anson Moran
General Manager
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

or such other address with respect to either party as that party may from time to time designate by notice to the other given pursuant to the provisions of this Paragraph.

11. **Default:**

11.1 Event of Default. The occurrence of any one or more of the following events shall constitute a default:

(A) Failure by PUC to pay funds when due;

(B) Abandonment of the Pier 98 Project by the Port; or

(C) Failure to perform any other provision of this MOU if the failure to perform is not cured within thirty (30) days after notice of such failure has been given by one party to the other.

11.2 Remedies. Upon default by PUC, Port shall, without further notice or demand of any kind to PUC or to any other person, have the ability to terminate this MOU. If the Port partially or completely abandons the Pier 98 Project, or otherwise fails to complete the Pier 98 Project, the Port shall return the funds provided by PUC to the PUC.

12. Documentation. Port shall timely provide PUC with copies of bid specifications and related documents, the construction agreement, and the contractor's schedules.

IN WITNESS WHEREOF, the parties have caused this MOU to be executed as of the date first written above.

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation operating by and through THE SAN FRANCISCO PORT COMMISSION

By: _____
Douglas F. Wong
Executive Director

Date: _____

CITY AND COUNTY OF SAN FRANCISCO

PUBLIC UTILITIES COMMISSION

By: _____
Anson B. Moran
Director, Public Utilities Commission

Date: _____

APPROVED AS TO FORM:
LOUISE H. RENNE
City Attorney

By: _____
John W. Rakow III
Deputy City Attorney
Port Division

PORT OF SAN FRANCISCO

MEMORANDUM

December 10, 1997

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas Wong
Executive Director

SUBJECT: Approval of a Memorandum of Understanding ("MOU") with the City and County of San Francisco Public Utilities Commission ("PUC") regarding the transfer of funds for implementation of the Pier 98 Wetlands Enhancement and Public Access Project

DIRECTOR'S RECOMMENDATION: THAT THE COMMISSION APPROVE THE MOU GOVERNING THE TRANSFER OF ONE MILLION DOLLARS FROM THE PUC TO THE PORT FOR IMPLEMENTATION OF THE PIER 98 WETLANDS ENHANCEMENT AND PUBLIC ACCESS PROJECT.

The Port proposes to enhance wetland habitat and improve public access at Pier 98 in accordance with a conceptual design adopted by the Port Commission on July 16, 1997. The project will include enhancement of existing wetlands, creation of approximately five acres of new wetland area, and revegetation of upland areas with native plants. Proposed public access improvements include a parking area, an emergency vehicle access gate and pedestrian entry maze, trails to fishing and viewing areas, a picnic area with three tables and barbecues, benches, and educational signs.

The proposed project is currently estimated to cost approximately $2 million. The PUC has committed to transfer $1 million of sewer revenue bond funds to the Port to assist in implementation of the Pier 98 project. The attached MOU, dated January 1, 1998 for reference, describes the terms and conditions under which funds will be transferred.

THIS PRINT COVERS CALENDAR ITEM NO. **6B**

The MOU specifies that:

- The PUC will have reasonable opportunity to audit expenditures of PUC funds, including inspection of contracts, invoices, evidence of payment, and evidence that the project has been completed.

- The Port will acknowledge the PUC as a source of funding on signs at Pier 98 and in documents related to the Pier 98 project.

- The Port will work with the PUC Public Affairs staff to involve the neighboring community and other interested members of the public in planning and implementing the project.

- PUC's contribution will not exceed $1 million, regardless of the total project cost.

- If the Port fails to complete the project, the Port will return funds provided by PUC.

Prepared by: Carol Bach, Project Manager
Environmental Health & Safety Section

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-109

WHEREAS, The Port of San Francisco proposes to enhance existing wetlands, create new wetland habitat, and improve public access at Pier 98; and

WHEREAS, The City and County of San Francisco Public Utilities Commission has agreed to contribute one million dollars toward implementation of the proposed Pier 98 project; and

WHEREAS, Port and Public Utilities Commission staff have drafted a Memorandum of Understanding, dated January 1, 1998, governing the transfer of funds; now therefore, be it

RESOLVED, that the Port Commission hereby approves the Memorandum of Understanding between the Port Commission and the Public Utilities Commission, and authorizes the Executive Director to execute the agreement.

I hereby certify that the forgoing resolution was adopted by the San Francisco Port Commission at its meeting of December 18, 1997.

_____
Secretary

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PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 278940 PORT UR
Fax 415 274 0528
Cable SFPORTCOMM
Email:

MEMORANDUM

December 18, 1997

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. James Herman
Hon. Frankie G. Lee
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of the 1997/98 Capital Plan and authorization to request a Supplemental Appropriation to fund the plan.

DIRECTOR'S RECOMMENDATION: Approve Resolution.

Attached is the 1997/98 Capital Plan for the review and approval of the Port Commission. The plan funds $1.928.437 in capital projects which consists of $395.000 in new projects identified by staff, $998,400 in previously approved but unfunded projects, and a $535,037 increase in scope of work for a previously approved project in process.

The projects are funded from the following funding sources:

Funding Sources	*Amount*
Operating Fund:	
- Appropriated	$ 87.141
- Unappropriated	1,501,492
1984 Bond Fund	247.332
1994 Bond Fund	92.472
Total	$1,928,437

THIS PRINT COVERS CALENDAR ITEM NO. 8A

A Supplemental Appropriation for $1,501,492 from the unappropriated reserves in the Operating Fund is necessary to fund these projects. This Supplemental Appropriation must be approved by the Mayor and the Board of Supervisors.

The following schedules are included in the Capital Plan:

- Capital Plan Summary — Summarized the capital project priorities.
- Project Descriptions — Provides descriptions of all capital projects.
- Funding Available — Identifies funding sources for capital projects
- FAMIS Summary — Provides a status report of previously approved capital and maintenance projects according to the City's Famis system.
- Grant Summary — Lists grants related to capital projects.

The following highlights the changes from the 1996/97 Capital Plan.

Funded Projects

New Projects	*Amount*
Conditions Survey	$ 200,000
Relocation of PG&E Gas Structure	110,000
Service Feeder	85,000
Subtotal	$ 395,000

Projects Previously Approved but Unfunded	
Dumpsite Closure at Pier 98	
Landfill Closure	$ 530,150
Wetlands Restoration	388,250
Pier 45 East Apron Repair	80,000
Subtotal	$ 998,400

Previously Approved Project in Process	
Fisherman's Wharf Plaza	$ 535,037

Total Funded Projects	$1,928,437

Unfunded Projects

There are no new approved but unfunded projects.

Projects Completed

The following projects were completed since the approval of the 1996/97 Capital Plan:

Title	*Amount*
Hyde Street Harbor EIR	$ 300,000
Pier 45 Fender Repair	119,000
Ferry Building Roof	250,000
Ship Repair	250,000
MIS Improvements	210,000
Total	$1,129,000

Projects Revised

1. The estimated cost for the Dumpsite Closure at Pier 98 was revised from $5,000,000 down to $1,918,400 based on preliminary designs completed by the consultant. In addition, the PUC is funding $1,000,000 of this project, which reduces the Port's funding further to $918,400.

2. The cost of the Fisherman's Wharf Plaza project was revised from $419,000 to $954,037 due to a change in the scope of work which included enlarging the plaza, the addition of drainage, electrical modifications including more lighting, and the addition of trees and street furniture.

Please see the attached 1997/98 Capital Plan for more detail.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-106

WHEREAS, The Port has $1,588,633 in the Operating Fund and $247,332 in the 1984 Bond Fund and $92,427 in the 1994 Bond Fund available to fund capital projects; and

WHEREAS, The next six priorities in the Capital Plan are:

1. Conditions Survey
2. Fisherman's Wharf Plaza
3. Dumpsite Closure at Pier 98
4. Relocation of PG & E Gas Structure
5. Pier 45 East Apron Repair
6. Service Feeder; now, therefor be it

RESOLVED, That if funds become available from approved, funded capital projects, the Executive Director is hereby authorized to allocate those funds to the approved projects with the next highest priority; and, be it further

RESOLVED, That the Executive Director is hereby authorized to cancel or postpone any funded project due to unforeseen future events or circumstances which may arise after the approval of the 1997/98 Capital Plan and instead fund the capital projects with the next highest priority; and, be it further

RESOLVED, That the Port Commission approves the 1997/98 Capital Plan; and be it further

RESOLVED, That staff is directed to complete a Supplemental Appropriation in the amount of $1,501,492 to obtain funding approval from the Mayor and Board of Supervisors.

I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of December 18, 1997.

_____
Secretary

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

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MINUTES OF THE SPECIAL MEETING
DECEMBER 18, 1997

1. ROLL CALL

The meeting was called to order by Commission President Michael Hardeman at 4:01 p.m. The following Commissioners were present: Michael Hardeman, Denise McCarthy, Frankie Lee, James Herman and Kimberly Brandon.

2. APPROVAL OF MINUTES - November 20, 1997 Special Meeting

ACTION: Commissioner Lee moved approval; Commissioner Herman seconded the motion. All of the Commissioners were in favor; the minutes of the meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report:

Mr. Wong reported that George Flaherty, the President of the National Maritime Museum Association, presented a resolution recognizing the Port of San Francisco's support of the USS Pampanito. With the Port's support, the USS Pampanito has become an important monument to WWII submarine veterans, a learning center for both children and adults, and an integral part of the San Francisco waterfront.

Mr. Wong also reported that on Monday, December 15, 1997, the Port announced that Crystal Cruises, one of the world's most luxurious cruise lines, has selected San Francisco as its 1999 Alaska Season home port for its six-star rated luxury vessel, the Crystal Harmony. In addition, San Francisco will be the final destination for its much-heralded Millenium Cruise to the International Date Line aboard the Crystal Symphony.

The Harmony will complete a series of eight, 12-day round trips that include Glacier bay and Misty Fjord. The Alaska cruise season which starts in June 1999 and runs through September 1999, will bring an estimated 15,000 passengers to the City.

He noted that Port staff, in particular, Peter Dailey and Gerry Roybal, worked very closely with Crystal's management team to successfully bring this business back to San Francisco.

Mr. Wong reminded the Commission about the December 19 Port party at Gabbiano's restaurant.

4. MARITIME

A. Approval of a non-exclusive management agreement with Marine Terminals Corporation for stevedoring services at Pier 80. (Resolution No. 97-107)

Mr. Peter Dailey, Acting Maritime Manager, indicated that the Port is currently operating marine terminals for cargo operations at Piers 27, 92 and 94/96. Marine Terminals Corporation (MTC) operates Pier 27. The Port has had a contractual relationship with Stevedoring Services of America (SSA) to operate, manage and market the South Container Terminal at Pier 94/96 since 1985. In the early 1990's the Port experienced significant business reversals at Pier 96 that reduced the volume of shipping business, resulting in a loss of the needed critical mass necessary for SSA to break-even financially. Therefore, in June 1995, the Port Commission approved payment of an increased management fee to SSA to cover their anticipated losses in operating the facility without the supporting volume of business. In FY 95/96, the Port paid SSA a management fee of $464,000. In FY 96/97, the Port paid SSA a one-year management fee of $750,000. Since July 1, 1997, operating under the third amendment, the management fee to SSA has been $100,000 per month.

The purpose of the management fee was to finance operation of the terminal while additional business was obtained to help make the terminal self-sufficient. This strategy was partially successful. During the past 2-½ years, the Port has attracted four new shipping companies to operate at the terminal. The Port now has an annual volume of over 15,000 twenty-two container equivalents up from only 5,000 in FY 95/96. However, even with an increase of volume, SSA's expenses have increased.

The third amendment to the original management agreement with SSA, which pays SSA a management fee up to $600,000 for six months of operation, expires December 31, 1997. This agreement calls for the Port and SSA to meet and negotiate the compensation paid by the Port to the management contractor after January 1, 1998. If the parties cannot reach agreement on the amount of compensation to be paid, the agreement can be terminated upon 30 days written notice by either party. The Port and SSA met several times to negotiate new terms and explore new models for the operation of either Pier 80 or Pier 96. It became clear that an agreement would not be reached on the amount of compensation for the next period, SSA was not willing to operate the terminal without substantial subsidy. Therefore, they served notice to the Port that they will terminate management of the terminal effective December 31, 1997.

In recent months Port staff, as directed by the Port Commission, have explored other options for the terminal operations at the Port. The Port received proposals from the other two public stevedore companies, MTC and Metropolitan Stevedore, which currently operates the passenger terminal at Pier 35, for different management scenarios for operation of the cargo business at the Port. MTC submitted the best financial proposal and the Port entered into negotiations with them.

As a result of these negotiations, Port staff recommended approval of a non-exclusive management agreement with MTC to operate Pier 80. MTC's approval requires the Port to reconfigure the terminal arrangements to better take advantage of the Port and MTC's strengths. The financial arrangement effectively ends the payment of a subsidy. MTC currently operates the Port's newsprint terminal at Pier 27. It is proposed by MTC to shift all existing business from Pier 96 and Pier 27 to Pier 80. MTC's proposal is to relocate all container, auto import, project cargoes and newsprint into Pier 80, thus assisting in creating more efficiencies in operation and cost. The Port's current shipping lines have been consulted regarding this change and have expressed a willingness to move their operations to Pier 80. This operational shift would commence January 1, 1998. With the movement of the newsprint operation to Pier 80, Pier 27 will be available for other uses. The proposed lease for Norcal, Inc. at Pier 80 for a recycling facility and export facility could be shifted to Pier 96.

The term of the agreement shall run for five years from the commencement date of January 1, 1998 through December 31, 2002. MTC shall pay to the Port an annual use fee for the facility of $400,000 per contract year. The fee will be paid monthly. MTC will be responsible for billing and collecting all tariff revenues generated at the facility by all users and each month MTC will pay the following percentage amounts of billed and collected tariff revenues to the Port:

1. 50% of tariff revenues for wharfage from newsprint and 100% of dockage from vessels carrying newsprint.

2. 50% of all tariff revenues for wharfage from automobiles and roll-on, roll-off cargo and 100% of dockage from vessels carrying roll-on, roll-off cargo.

3. In the first year, 50% of all tariff revenues for crane rental, start-up and shut-down and maintenance charges. (This percentage will be renegotiated in year two).

4. 50% of tariff revenues for wharfage and 100% of all dockage from new users of the facilities.

5. MTC will retain 100% of wharfage and dockage from the current shipping

lines.

The Port's administrative duties will be significantly lessened since all billing and collection of tariff revenues will be performed by MTC. The Port will be paid collected tariff revenue percentages monthly.

The Port agrees to share one-time expenses incurred in the reopening of Pier 80 not to exceed $40,000.

The Port will credit MTC annually for their payment of the amount of Possessory Interest Tax, estimated to be $40,000. This proposed agreement will allow the Port to enter into a new partnership with an aggressive terminal operator and marketing partner.

Mr. Dailey thanked SSA for their many years of service at the Port of San Francisco.

Commissioner Herman indicated that Peter Dailey, the Port's acting maritime director has done a spectacular job. The issue of Pier 96 subsidy has plagued the Port for three years. It now appears that it is resolved as the Port has retained a credible company. We will soon see a remarkable resolution and a respectable benefit that will flow from a new operation. The Port has landed a good deal. The company has worldwide contacts. This also vindicates a point of view that others share with respect to rebuilding the Port. He emphasized that Peter Dailey has done a job that is worthy of the appointment he received. This might be the beginning of getting some response with regard to maritime cargo at the Port.

ACTION: Commissioner Lee moved approval; Commissioner Herman seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

5. REAL ESTATE AND ASSET MANAGEMENT

A. Approval of percentage rental adjustment for lease with Andre-Boudin Bakeries, Inc. for premises located at Taylor Street and The Embarcadero. (Resolution No. 97-111)

Mr. Kirk Bennett, Senior Property Manager, indicated that Andre-Boudin Bakeries, Inc. operates a Boudin Sourdough Bakery and Café in the Octagonal Building located at the corner of Taylor Street and the Embarcadero at Fisherman's Wharf. The original lease document, dated December 10, 1975, was replaced on September 1, 1982 with an Amendment in Modification and Reinstatement of Lease L-9164, when the leased premises were relocated to the Octagonal Building constructed by the Port. As part of this amendment and reinstatement of the lease, the tenant assumed responsibility for maintaining the public restrooms

constructed in the building. The lease, whose terms expires January 1, 2006, requires the payment of percentage rental, calculated based upon the following existing percentage rental rates: Food 5%; gifts and alcoholic beverages 7%; all other uses 8%.

The lease also provides that the Port may review and reset the percentage rental on or before the anniversary date, each five years during the term of the lease, to reflect the percentage rent for like uses in the vicinity of the lease premises. The lease further provides that, if the Port does reset the percentage rental and Boudin disagrees with the new percentage rental, then Boudin has the right to terminate the lease within six months of the percentage rental being reset, without liability for future rent.

The percentage rental has not been adjusted since the original lease document was signed in 1975. The five-year anniversary date for adjusting the percentage rental was September 1, 1997 and Port staff notified Boudin in May 1997 of its intent to recommend to the Port Commission to increase the percentage rental rates for all uses under the lease effective September 1, 1997. There was a considerable difference of opinion between Port staff and Boudin on the amount of the adjustment and the parties agreed to extend the deadline to reset the percentage rent to January 1, 1998 while discussions regarding the new percentage rental continued.

Boudin leases three other facilities in the vicinity of the lease premises involving businesses run by Boudin which are like that run on the lease premises and these leases constitute good percentage rental comparables for the lease. The lease, however, differs from the comparable leases in that, under the subject lease, Boudin is responsible for maintaining the public restrooms located in the Octagonal Building. In addition, the premises are laid out inefficiently, wrapping around the restrooms with the kitchen being located on a mezzanine. Both of these factors cause much higher operating expenses for this facility as compared to Boudin's other three facilities in the vicinity. Taking these increased operating expenses into account, Port staff and Boudin have reached agreement that the percentage rental for the lease should be adjusted to 9% for all uses.

Port staff recommended that the Port Commission set the percentage rental rate for all uses under the subject lease at 9%, effective retroactively September 1, 1997.

ACTION: Commissioner McCarthy moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in

favor; the resolution was adopted.

B. Consent to Sponsorship Activities at Pier 39. (Resolution No. 97-110)

Mr. Kirk Bennett indicated that the Pier 39 master lease, as amended on October 31, 1979, provides that the Port has the right to audit the Tenant's records to determine the gross revenues of the tenant. In 1996, the Port retained Deloitte Touche LLP to conduct a revenue audit concerning the lease for calendar years 1993, 1994 and 1995. The audit identified several issues involving the potential underpayment of percentage rent to the Port pursuant to the lease. A number of meetings were held with representatives of the tenant to resolve these issues. The issues have finally been resolved in a manner satisfactory to Port staff. This resolution requires payment to the Port of $318,154 of additional percentage rent for the audit period and it also clarifies these issues as they relate to the payment of percentage rent beginning with calendar year 1996.

One of the most significant issues identified by this revenue audit involved the treatment for percentage rent purposes of revenues generated by Sponsorship Activities. During the Audit period, the tenant received revenues from Sponsorship Activities totaling $3,040,335. The tenant accounted for this revenue as a 10% economic rent category. The tenant includes only 10% of this revenue in calculating the percentage rent due the Port. As a result, the tenant paid only a 1% effective percentage rent to the Port for this revenue. It was Port staff's position that the Sponsorship Activities are uses not authorized under the lease and the character of this activity does not constitute an activity which falls under the category of economic rent, as defined in the lease.

The lease authorizes certain specified uses on the premises demised in the lease. The lease further provides that any new use or change of use not authorized in the lease requires consent by the Port. It further provides that the Port and the tenant are to negotiate the new rent due the Port for the new use or change of use.

Port staff, therefore, maintained that the Port Commission must consent to these Sponsorship Activities and must consent to the rent that is due the Port for such activities. Port staff and tenant have reached agreement that the Port should receive percentage rent for such Sponsorship Activities calculated at 7% of all gross receipts received by tenant from such Sponsorship Activities.

The amount of additional percentage rent due the Port is based upon the

rent for Sponsorship Activities being calculated at 7% of the Tenant's gross receipts for such activities. The resolution of the audit issues is therefore conditioned upon the Port Commission consenting to Sponsorship Activities as authorized uses under the lease and upon the Port Commission setting the rent due the Port for such activities at 7% of the gross receipts from these activities.

Port staff recommended that the Port Commission consent to Sponsorship Activities as an authorized use under the lease. Port staff further recommended that the Port Commission set the rent to be paid the Port for Sponsorship Activities at 7% of the gross receipts received by the tenant from such activities.

Commissioner Brandon asked what constitute sponsorship activities. Mr. Bennett replied that Sponsorship Activities include special events, promotional events and activities, sponsorships, and market development. Monies received from companies or organizations to take advantage of the Pier 39 facilities to showcase their company and their products.

Commissioner McCarthy inquired if this will become part of the regular lease or if there would be another opportunity to revisit the 7%. Mr. Bennett replied that this does not constitute a lease agreement. The Port Commission will have the opportunity to review the use if it is an unauthorized use.

ACTION: Commissioner Lee moved approval; Commissioner Herman seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

6. FACILITIES & OPERATIONS

A. Authorization for staff to apply to the California Coastal Conservancy for funding for the Pier 98 Wetlands and Public Access Enhancement Project. (Resolution No. 97-108)

Ms. Carol Bach, Project Manager, Environmental Health & Safety Section, indicated that Port staff has been working with the State Coastal Conservancy to obtain additional funding for Pier 98 for Fiscal Year 97/98 and 98/99. A Port Commission resolution must be submitted with an application for funds. In that resolution, the Port must state that if the Coastal Conservancy agrees to provide the funds (not to exceed $500,000) and the Port Commission subsequently agrees to accept those funds, the Port will comply with State Coastal Conservancy regulations and requirements related to the acceptance and use of Conservancy funds. The assurances include commitment by the Port Commission to provide sufficient funds

to meet its own share of the cost for construction and maintenance of the project. Ms. Bach thanked Veronica Sanchez for putting a great deal of effort in securing funding for the project.

Commissioner Brandon inquired about the budget for the project. Ms. Bach replied that the preliminary estimate for the required biological monitoring is approximately $30,000 a year for the first 5 years. The required maintenance would cost approximately $40,000-$45,000 a year. Commissioner Brandon asked where the money would be coming from. Ms. Bach replied that it would be taken from the Port's operating budget.

Commissioner Lee indicated that the Port has been working on this project for a long time and was glad to see that the funding is in place and the project is going to happen.

Ruth Gravanis, Golden Gate Audubon Society, indicated that the Audubon became concern about Pier 98 many years ago. They have been following the project and very pleased with the BCDC and Port staff's efforts. She indicated that this is a tremendous benefit to the City. It will provide educational opportunity and jobs; job training opportunity and hands-on restoration. This is a tremendous opportunity for the people who use the area. They wholeheartedly support the project and urged the Commission to authorize and accept the PUC funds and do whatever is necessary to move forward with the consent decree.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

B. Approval of a Memorandum of Understanding with the City & County of San Francisco Public Utilities Commission regarding the transfer of funds for implementation of the Pier 98 Wetlands Enhancement and Public Access Project. (Resolution No. 97-109)

Ms. Carol Bach, Project Manager, indicated that the Public Utilities Commission (PUC) has committed to provide $1 million for the implementation of the Pier 98 project. The Port and PUC's staffs have drafted an MOU regarding the transfer of funds. Ms. Bach requested Port Commission approval of the MOU and authorization for the Executive Director to execute the agreement.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

7. PLANNING & DEVELOPMENT

8. FINANCE & ADMINISTRATION

A. Approval of the 1997/98 Capital Plan and authorization to request a Supplemental Appropriation to fund the plan. (Resolution No. 97-106)

Mr. Ben Kutnick, Director of Business and Finance, indicated that the Capital Plan funds $1,928,437 in capital projects which consists of $395,000 in new projects identified by staff, $998,400 in previously approved but unfunded projects and a $535,037 increase in scope of work for a previously approved project in process.

Mr. Kutnick mentioned that the three new projects are as follows: (1) Conditions Survey ($200,000); (2) Relocation of PG&E Gas Structure ($110,000); and (3) Service Feeder ($85,000).

The projects previously approved but unfunded are: (1) Landfill Closure @ Pier 98 ($530,150); (2) Wetlands Restoration @ Pier 98 ($388,250); and (3) Pier 45 East Apron Repair ($80,000).

The previously approved project in process is the Fisherman's Wharf Plaza ($535,037).

There were five completed projects since the approval of the 1996/97 Capital Plan. Mr. Kutnick asked for Commission's approval of the Capital Plan.

Commissioner McCarthy thanked Mr. Kutnick for providing the Commissioners a thorough briefing.

Commissioner Lee remarked that the expenditure of $200,000 for the condition survey is worthwhile. He added that the end of the year, the Port is going to have another surplus. This would be the third or fourth year in a row that the Port will have surplus. He commended staff for a job well done but, at the same time, reminded staff of the maintenance delays on Port property. He suggested that the Port reserve a portion of the surplus to address maintenance problems.

Mr. Kutnick indicated that Port staff is indeed aware of the maintenance problems. Mr. Alex Lee, Director of Facilities and Operations, and his staff will be addressing the problems. As well, Alex Lee, Fei Tsen, Peter Dailey and their respective staffs will be spending a lot of time reviewing this matter.

Commissioner Lee indicated that part of the condition survey would help identify what the Port needs to address. He then commended staff for

putting together a good plan. Mr. Kutnick gave kudos to Stephanie Downs.

ACTION: Commissioner Herman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the resolution was adopted.

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Roger Peters commented on BayMat's presentation to the Commission at its November 20th meeting. At the meeting, Phil Gatine's group outlined his interest in a development agreement for the area around Amador Street, south of Islais Creek, on the Port's southern waterfront. His group described a major development program including a variety of existing and potential uses. His claim was to generate a major expansion in revenue, employment and infrastructure. He also implied that his development plan included strong popular support from the existing tenants.

Mr. Peters informed the Commissioners that no such tenant support exists. He was retained by two of the tenants in the Amador Street area to express their concerns to the Commission. In that capacity, he had the opportunity to discuss the matter with the following tenants and near-term tenants, including: Bedrock Redymix Service, Darling International, ECDC Environmental, Kaiser, Mission Valley Rock, RMC Lonestar, Specialty Crushing, San Francisco Solid Waste Management, Tidewater Sand & Gravel. Every one of them has indicated that they do not support the development agreement. However, they all support the following principles:

- Retain the Port as their landlord;
- Maintain direct control of their own business development; and
- Retain the industrial nature of the area utilizing the synergies of adjacent companies to better serve their customers.

In reviewing the matters with the tenants, Mr. Peters has found that:

- They initiated the idea of a Waterfront Construction Materials Center with the Port staff;
- All are concerned about delays in their current negotiations with the Port if a developer is introduced onto the property. Concerns include uncertainty regarding the types of uses the developer may introduce, the lengthy environmental review for such a large project, and the diversion of Port staff time to the developer's interests; and
- Several fear potential victimization by the proposed developer, in fact, two have been told that they will be evicted should the developer gain control of the property.

He also thought it would be of value to acquaint the Commission with the importance of these tenants and this property to the Port and the City.

- Today, the Port is earning over $850,000 from tenants in the area;
- Port staff is currently negotiating with potential tenants that would generate another $1,000,000.
- Loss of these revenues would be detrimental to the Port's operating budget;
- The site provides many much-needed industrial uses including: concrete batching, aquatic sand mining, tallow rendering, disposal of contaminated materials, concrete recycling, building-fixtures recycling, and soil remediation;
- This site and these tenants are well situated to support major public works projects, including building two new sports stadiums, Mission Bay housing and commercial space, the new UCSF campus, the light rail project along Third Street, the rebuilding of the eastern half of the Bay Bridge, the expansion program at San Francisco Airport, the extension of BART from Colma to SFO and the demolition of various housing authority highrises;
- Significant uncertainty regarding the closure of the dump site underlying much of the Amador Street property; more time is needed to evaluate logical closure procedures;
- In order to accommodate the construction of the UCSF campus, a new bridge needs to be built on a portion of the property, planning and construction of which may well be delayed with a master development agreement; and
- The site is also instrumental in the City's emergency planning efforts for disaster response.

In conclusion, he indicated that the tenants would like to retain the industrial character of the Amador Street area and very much want the Port to continue to be their landlord.

Commissioner Hardeman asked the Executive Director to take a note of Mr. Peters' presentation. Mr. Wong responded affirmatively.

Tom Chasm, Specialty Crushing, reminded the Commission about the hiring of and utilization of local companies.

Irv Sandling indicated that the City and County of San Francisco is mandated by the State to reduce the waste stream through recycling and reuse of materials. They are concerned about the displacement of the three tenants in the area as it is difficult to find a recycling location in San Francisco.

David Gavrich, Landbridge, Executive Vice President and Western Manager of ECDC, gave a brief description of their company and indicated that they have enjoyed a working relationship with the Port. They do not want an entity to come in between the Port and their company. Their company would like to remain at the Port and he emphasized that the system in place is fine and should remain in place.

Bart Taylor, representing Graphic Sportswear, gave a brief presentation regarding their company and offered their services to the Port of San Francisco.

Commissioner Hardeman indicated that the Commission is not at liberty to engage in discussion of items that are not on the agenda. He again directed the Executive Director to take note of the speakers' presentations.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner McCarthy moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

B. CLOSED SESSION

At 4:58 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER:

a. Discuss approval of assignment of leasehold to successful bidder in bankruptcy proceeding, and possibly take action concerning lease assignment: Chez Laura Enterprises, Inc., dba Lou's Pier 47.

2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (1 case as defendant).

The Commission will consider, and possibly take action concerning the resolution of a BCDC enforcement issue at Pier 98 where 25 acres of fill were placed between 1970 and 1977. This matter involves the filing of litigation by BCDC against the Port and the Port's stipulation to a consent decree that would conditionally approve the fill subject to the construction of the proposed Pier 98 Wetlands Enhancement and Public Access Project.

3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - ***This session is closed to any non-City/Port representative.****

a. Property: Pier 39
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Management
*Pier 39: Steve Herman

An executive session has been calendared to discuss consent to encumbrance for a refinancing. This is specifically authorized under California Government Code Section 54956.8.

12. RECONVENE IN OPEN SESSION

At 5:40 p.m., Commissioners Hardeman, McCarthy, Lee, Herman and Brandon returned from executive session and convened in open session.

A. Report on actions taken in closed session pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

Commissioner McCarthy reported the following:

1) The Commission voted in executive session to agree to the assignment of Port Lease L-9798 to D&G Company, L.L.C., a California Corporation, d.b.a. Lou's Pier 47 and authorizes the Executive Director or his designee, to consent to the Assignment of Lease and Consent to Assignment, substantially in the form attached hereto and in such final form as approved by the City Attorney. (Resolution No. 97-113)

2) The Commission agreed to the consent decree between BCDC and the Port of San Francisco.

3) The Commission agreed to the encumbrance of the leasehold estate by Mortgagee in the amount of the loan and agrees to recognize mortgagee as having the rights under the lease provided to the First Leasehold Mortgagee, except that Mortgagee shall not be entitled to subordination rights against Port's right to receive minimum or percentage rents under the lease (including, without limitation, the subordination rights set forth in Section III.G of the lease). The Commission further authorizes the Executive Director to execute a Consent to Encumbrance and Estoppel Certificate in such form as is approved by the City Attorney. (Resolution No. 97-112)

The meeting was adjourned at 5:45 p.m.